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Editorial AS WE SEE IT

Nikita Khrushchev, leading empire builder of this day and time, has of late been vigorously warning various countries of Asia of hazards he sees in accepting aid from the free world and at the same time assuring them that the Soviet Union has no motive in its assistance other than the good of the beneficiaries. Western countries, so he says, are, and in the very nature of their economic and social philosophy can, only be interested in profits—and to a died-in-the-wool communist profits can mean but one thing—exploitation. It is to the Soviet dictator inconceivable that the capitalist countries or their citizens would knowingly encourage industrial development in backward countries and thus create competition for themselves. "Colonialism" is supposed to be a *bete noire* to all these peoples to whom this modern day imperialist is talking, and obviously he is doing all that he can to make capital of the fact.

We should not suppose, that these audiences could be persuaded to give credence to such balderdash. We are quite certain in our own minds that despite all his socialist bias and bigotry Mr. Khrushchev himself believes little of it. The more thoughtful among these people thus addressed must be well aware that the charity that is allegedly being offered them by the Soviets—even if it is delivered as promised without strings or charge—would not be conducive to the development of economic independence and permanent economic welfare of the recipients. They should be wise enough to know that assistance of the sort which stimulates self-help and preparation for self sustainment is the kind of assistance that best promotes real welfare—and that kind of help if successful is well deserving of its own normal reward.

Wants Quid pro Quo

To the informed observer it is likewise obvious that the Soviet Union is not providing, and is not likely to provide assistance to any peoples or countries without thought of any sort of *quid pro quo*. It has regularly driven bargains when they came to (Continued on page 29)

Why the Government Cannot Control Interest Rate Structure

By Woodlief Thomas,* *Adviser to the Board of Governors of the Federal Reserve System, Washington, D. C.*

Central banking economist raises and answers questions concerning the function of interest rates, their present high level and susceptibility to and feasibility of Treasury or Federal Reserve control. The author concludes that direct governmental attempts to control the interest rate level or structure is likely to meet with failure and to have disastrous consequences. He points out that private activities are more important determinants than governmental ones. Illustrating this, he finds, there can be low interest rates with large government deficits, and high interest rates, or even inflation, or unsustainable credit expansion, along with a government surplus.

For the past several years a controversy has been raging about the level of interest rates. This controversy has not been confined to the narrow stage of technical and theoretical debate, but has moved into the open arena of political and public discussion. The controversy can be attributed to two broad underlying causes: The first is the development of a complex combination of factors that have caused very wide variations in interest rates in recent years. The second is the lack of general understanding of the causes of interest rate variations and of the role of interest rates in the economy. This failure to understand has given rise to many ill-conceived and potentially harmful proposals for preventing the fluctuations from occurring. In discussing this broad subject, a number of aspects need to be considered. Today I can cover only some of the important questions that may be raised.

Woodlief Thomas

What is the function of interest rates and what factors determine their variations?

How high are interest rates at present?

Why are interest rates as high as they are?

Can and should Government, operating through the Treasury or the Federal Reserve or through acts of Congress, stabilize or control the level of interest rates?

Economic Function of Interest Rates

With respect to the function of interest rates and the causes of their variations, the first thing to understand is that interest rates are prices. Like any other prices they are the result of forces of supply and demand and they also serve the function of maintaining equilibrium between these forces and of helping to determine the allocation of available supplies among competing demands. In the case of interest rates, the supply is the volume of saving, current and past, available for lending at any given time; the demand is the total of all credit wanted by borrowers of various sorts at that time.

It is a basic economic principle—or truism—that in a properly balanced economy savings and investment must be in equilibrium. This means that borrowing for either investment or consumption in excess of current income must come from savings out of someone else's income. The total amount of money borrowed cannot exceed the volume of savings.

Demands for borrowing, however, can exceed or fall below the supply of savings available for lending at any time at the then existing level of interest rates. In these situations interest rates rise or fall. Interest rates, like any other prices, serve as a means for bringing about equilibrium. Low rates encourage borrowing and discourage lending. High rates have the opposite effects. To the extent that these effects bring saving and investment into balance, pressures on interest rates are lessened. But if, because of the state of the economy, borrowing demands continue to exceed savings, interest (Continued on page 24)

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EARL M. SCANLAN

President, Earl M. Scanlan & Co. Denver, Colo.

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Potash Company of America

My selection is like a champion fighter, down on the "deck" from the blows of a recognized challenger who displayed unexpected strength. For my pick is "*Potash Company of America,*" the United States champion in the annual production of potash, which found it fiscally expedient to break a continuous cash dividend record since 1937 because of engineering problems incident to the development of its extensive Canadian holdings.

Earl M. Scanlan

Over the course of the last several years Potash Company of America, Ltd. has acquired the right to mine potash on 47,000 acres near Saskatoon, Canada, which, after 22 deep core tests, are regarded as virtually proven for rich potash deposits, with ore present in at least two zones. Flotation concentrator, warehouses, loading docks and other surface facilities, hoists and other mining equipment and a 3,500-foot shaft were practically completely installed in the belief that commercial operations would begin not later than mid-1959. Then mechanical difficulties plus water leakage was "the one-two punch" which required the champion to take a count.

Those experienced with projects affecting, or beneath, the earth's crust expect difficulties in every such operation which cannot be anticipated. They appeared in the Panama Canal, in Colorado's Moffat Tunnel and in the Grand Coulee Dam. And all those problems were licked by American engineering science, so don't "count out" the champion or start yelling for Russian engineers.

Let's look at the Potash Company's record! Entering the ring in 1931, some so-called experts predicted it would not last the adverse conditions which cropped up near Carlsbad, New Mexico. Yet, today, the Carlsbad mine has a capacity exceeding 7,000 tons of crude ore daily with refining capacity over 2,500 tons per day of muriate (potassium chloride). And known reserves are sufficient to maintain operations for 40 years, with additional discoveries counted upon to extend the New Mexico activities. Capacity at Carlsbad increased over 300% since 1941, wholly from profits and without sale of any more shares of stock in the company. (Potash has never issued either bonds or preferred stock.)

When it comes to purses, the company has been a consistently good attraction. For the past 10 fiscal years, it averaged over $2,750,000 in *net*, which was generously shared with all those owning a "piece" of the firm. With, roughly, 1,150,000 common shares in the hands of well wishers, the average yearly take per "piece" was around $2.40, all based on the Carlsbad mine. When operation of the Canadian development seemed imminent, the price per share of common advanced to $40 in 1959 but sagged to the low $20's after the previously mentioned Canadian difficulties, or about 10 times the average 10-year net. What Potash's take will be when Canadian production is added to Carlsbad production is purely conjectural at the moment. But there is a growing and insistent demand from the Orient for demonstrations of its prowess which successful Canadian operations will enable it to meet.

Recently, Potash signed a new manager in the person of President John W. Hall, an efficient, experienced and aggressive executive who is now taking all the steps required to insure putting the champion on his Canadian feet. The Board of Directors comprises outstanding men recognized for their "savvy" when the going gets rough, and fully qualified to see that the champion quickly regains his standing.

Personally, my bets are on Potash; that it will get up off the "deck" before a count of nine and knockout some new records for performance and net income in the years immediately ahead. Records that will add lustre to the history of American achievement in all lines of endeavor.

BRADBURY K. THURLOW

Winslow, Cohu & Stetson, Inc. New York City

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Electric Autolite

The best kind of stock to own in this kind of stock market is one that is protected against a general market decline but is able to participate fully if the decline doesn't materialize. In view of the recent company offer for tenders of up to 250,000 shares at 54, I believe Electric Autolite (selling at 53¾) comes close to fulfilling these conditions. To pursue the defensive aspect a bit further: the stock goes ex-dividend $.60 February 29 in effect reducing the present cost; Mergenthaler Linotype, holding close to 400,000 of the 1,567,000 outstanding shares has announced it will not tender; and the present offer thus applies to over one-fifth of the "free" stock outstanding. The buyer then would appear to have a fairly safe "put" at 54 good through (date not yet announced) the date the offer expires.

B. K. Thurlow

On the positive side, the company has been thoroughly renovated under new management. Profit margins in the first nine months of 1959 (leaving out the strike damaged last quarter) were almost four times 1956 and three times 1958 on lower sales. Dividends, amounting to $2.50 last year (I estimate $3.00 in 1960) provide an unusually high yield. The company's balance sheet is outstandingly strong with a well-depreciated book value (as of Sept. 30) of around $73 and net working capital close to $43 a share. Earning power is substantial—$4.50 last year, before $1.95 non-recurring profit on the sale of Crane Company stock bought for investment, and an indicated $5 to $6 in 1960. Depreciation and amortization charges have been running about $4 a share. Cash, estimated at around $35 million at year-end, would be reduced by $13.5 million if the full amount of stock is tendered, but would still be an impressive figure.

The company has stated that one of its reasons for wishing to acquire its own stock is to have shares to exchange for new acquisitions (since under our tax laws many owners are reluctant to sell out for cash). Admirable in this view is the company's unwillingness merely to authorize additional stock which would dilute the present stockholders' equity.

Autolite's management has been efficient and conservative, avoiding the manifest temptations supplied in recent months offered by all sorts of "growthy" properties available only at astronomic multiples of earnings, book values, and even sales. With signs of impending speculative cooling off in some of these quarters the company may succeed in acquiring something of tangible value and major importance to its future in coming months. Weighing the possibilities and protective features in this unusual situation, I think one would have to look far to find a more attractive security in today's market than ELECTRIC AUTOLITE. The stock is listed on the NYSE.

This Week's Forum Participants and Their Selections

Potash Company of America — Earl M. Scanlan, President, Earl M. Scanlan & Co., New York City. (Page 2)

Electric Autolite — Bradbury K. Thurlow, of Winslow, Cohu & Stetson, Inc., New York City. (Page 2)

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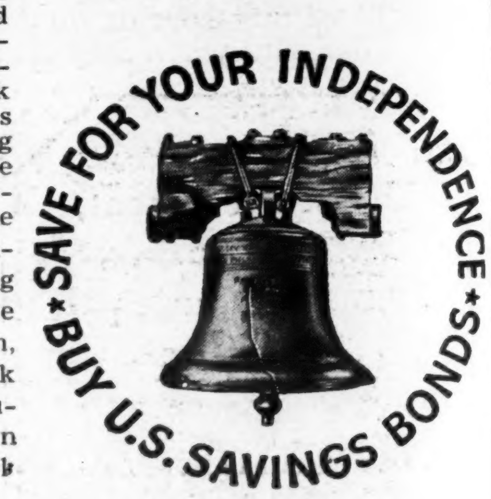

NSTA NOTES

DALLAS SECURITY DEALERS ASSOCIATION

The Dallas Security Dealers Association will hold its annual Gin Rummy Tournament on Friday, March 11 at the Engineers Club. Cocktails will be served from 5 to 6:30, followed by dinner at 6:30. Tariff for dinner and cocktails is six dollars. An additional entry fee of ten dollars will be charged for those competing in the tournament, and entries should be made with James Jacques, First Southwest Company. Additional activities are planned for those not entering the contest.

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Leading Gold Stocks as Dollar Devaluation Hedge

By Thomas R. Drey, Jr., *Dorchester, Mass.*

Seeing but two recourses to our balance of payments problem, Mr. Drey skepticizes we would adopt deflation to correct our gold out-flow problem in laying the basis as to why he believes we face the prospect of devaluation being forced upon us by external economic forces. Utilizing his previous 10 years of underwriting experience, the author, who now is a mathematician, recommends hedging against possible dollar-devaluation by purchasing "good sound dividend-paying gold stocks," nine of which he singles out and appraises.

During the decade just past the United States has experienced a rapidly rising deficit of payments in foreign trade and more recently this has been coupled with mounting claims against our dwindling gold reserves. In 1959 alone, foreign nations are estimated to have piled up in the United States around $4 billion in dollar balances. This means that foreign nations, including the International Monetary Fund, now hold in this country over $19 billion in liquid assets. About two-thirds of these assets are owned by eight foreign accounts namely the International Monetary Fund, Canada, Italy, Japan, Britain, France, Germany and Switzerland. These liquid assets are held primarily in short-term Treasury notes and can be converted into gold. Foreign accounts chose to convert over $1,350 million of these assets into gold during 1959.

Thomas R. Drey, Jr.

At the same time the United States gold reserve stands at $19.5 billion, down from $24.6 billion in 1949 and $23 billion in 1952. After deducting $500 million in gold admittedly owed the International Monetary Fund, the United States gold reserve more nearly approximates $19 billion. Furthermore the United States is required by law to hold in reserve $12 billion in gold to protect the domestic money supply. Should a run suddenly develop on the dollar, foreign nations by converting their dollar balances into gold, could theoretically drain off our entire gold supply, even that which protects the domestic money market. Since, however, foreign nations need large dollar balances here to conduct day-to-day transactions in foreign trade, it is unlikely that they would attempt to convert all their balances into gold, even though they have a right to do so. But should a run on the dollar occur and foreign nations attempted to convert between $3 and $5 billion of their over $19 billion in liquid assets then a serious dollar crisis would develop.

For the first time in recent history the United States dollar, once king currency, is selling at a discount in European markets. If, however, the deficit of payments continues to mount and a run on the dollar does develop then the United States Government will be forced to take drastic measures to bolster its sagging currency and regain stature in world trade.

Financial Irresponsibility is Ending

With a rapidly rising deficit of payments and foreign nations in a position to call our gold supply at will, the days of financial irresponsibbility are fast approaching an end. Secretary of the Treasury Anderson has already made an effort to slow down the steady withdrawal of gold from United States account. Interest rates on short-term government obligations have been increased to the highest level in over 30 years. This induces foreign nations to leave their balances here and take advantage of the high interest rates rather than to repatriate these assets in the form of gold withdrawals. It also has the effect of slowing down domestic inflation since business rapidly expands during periods of low interest rates but tends to contract during periods of high interest rates. Secretary Anderson has also encouraged foreign nations to lift restrictions on dollar imports, a measure designed to give our exports a shot in the arm. Also it is now required that foreign aid dollars be used in the purchase of U. S. goods rather than those of a competitor. In addition, the Secretary has endeavored to interest foreign nations in sharing some of the burden of our far-flung foreign aid program.

In some quarters it has been suggested that the United States reduce or eliminate the $12 billion gold reserve which underpins our domestic money supply. Such action, however, would only create further distrust in the United States dollar and postpone the day when the United States attempts to regain its foreign markets. Because of the unfavorable balance of trade, foreign claims against our gold reserve continue to mount and there continues a steady loss of gold to foreign account.

It is against this background that Chase Manhattan Chairman John J. McCloy stated that the present imbalance in foreign payments and consequent our-flow of gold has "some very dangerous aspects." Mr. McCloy stated that we should increase our foreign trade to such a point that foreign nations, which hold balances here, will have to spend these balances in buying the output of our farms and factories in-

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*Column not available this week.

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OBSERVATIONS...

BY A. WILFRED MAY

PHONEY STOCKS AND PHONEY IDEAS

(Excerpts from an address by your columnist before the 6th Annual Conference of the New Hampshire Bankers Association, Manchester, N. H., Feb. 24, 1960)

A leading market commentator has just asserted his conviction that the recent reaction would turn out to have been highly constructive if it serves to deflate the popularity and pricing of the "phoney" stocks. We would add that it is even more important—and at all stages—to deflate the foibles and fictions that so persistently pervade the marketplace.

For example, the discussion at Secretary of the Treasury Anderson's recent appearance before a Sub-Committee of the House Committee on Appropriations typified the widespread proclivity to link the stock market's fluctuations to economic factors. In discussing the estimated Gross National Product, on which the Administration's predicted budget surplus is based, Chairman J. Vaughan Gary expressed serious doubts aroused by the January market decline. ("Of course," he said, "any increase in the Gross National Product is necessarily dependent on the prosperity of the Nation. . . . In that connection I have been very much concerned since the first of the year, with the situation in the stock market.")

This assumption, so widely embraced by market observers and participants of all kinds, advances the fiction that market movements are tied to outside factors. Thus the marketplace is used as a forum for *betting* on the course of short-term economic, political and social events; in lieu of being realistically recognized as a constructive medium for the acquisition of long-term stakes in going enterprises. And from the viewpoint of practical experience, as well as logic, the record since 1918 shows that business activity and the stock market have moved in opposite directions 56% of the time. Since the mid-1920s there have been 12 declines of 10% or more in the stock market; but on only four of such occasions was there an accompanying or following fall in business activity.

The Timing Enigma

While the proclivity by nearly all types of investors to seek capital gains in lieu of investment income—that is, to "play the market" in one form or another—is becoming ever more popular; this year's market reversal has once more confirmed the impossibility of *timing* fluctuations. The relevant "explanations" (as, for example, supplied by our very able Secretary of the Treasury to the Congressional Committee at its request), center on (1) personal income tax factors making profit-taking desirable in the month of January, (2) the abnormally high yield of bonds relative to stocks, (3) doubts about the continuing impact of inflation, along with (4) some worry over the business outlook. While these "reasons" may all be logical it is impossible to judge the *time* of their impact market-wise. This results from either the investment community's disregard of their existence for long periods, or from the obvious impossibility of predicting an emotional change in crowd psychology.

Seasonal Thinking

As to the tax explanation—in each of the two preceding Januarys, in 1958 and 1959, the market *rose* instead of falling; the January, 1959, advance occurring despite any urge to take profits from the prior year's market rise of almost 40%.

For an apt comment on such "seasonal thinking" I prefer to go back to Mark Twain. Said Twain through the mouth of Pudd'nhead Wilson: "October is one of the peculiarly dangerous months to speculate in stocks. The others," he went on, "are July, January, September, April, November, May, March, June, December, August and February."

The abnormal relation of bond to stock yields also cited as a cause of the current decline, has existed for even longer without becoming operative market-wise. While it is true that the high-grade stock-bond yield ratio is now at the vulnerable figure of 0.66, it was also at the dangerously low levels of 0.73 a year ago, and 0.91 two years ago—both periods of persistently *rising* share prices.

Other danger signals were cited by several of the expert witnesses at the Fulbright Committee's Stock Market Inquiry back in March, 1955. Justified as these danger citations were, nevertheless during the following 17 months the market averages rose by another 20%, and it was late 1957 before a major reaction occurred. Now, even after the drop since the first of this year, the market averages stand at 40% above the level at the time of the Fulbright hearings.

Truly, the key question is the puzzler, "How high is too high?"

Some Mutual Fund Caveats

The investor should acquire understanding of various aspects of Mutual Funds. These include differentiation between capital gains and investment income; the need for reasonably long-holding to recover the buying "load" through investment income (taking three years in the case of the ordinary voluntary purchase, and a full seven years in the Contractual Plans); recognition of the widespread over-emphasis on *Past Performance;* discounting the value—to himself — of bigness of the Fund's assets; and avoidance of chasing Fund Managers' portfolio action as a hot tip from the experts. Remember that in the case of most portfolio changes, there are Fund managements on both the buying and selling sides. And in any event, objective studies show that active Fund investing experts have not fared as well as if they had merely *sat on* the issues used in the averages.

* * *

THE BANKER HAS LOST THAT GLASSY EYE—ABROAD AS WELL AS HERE

The expansion of the activities of commercial banks is no longer confined to the United States. Freed from the credit squeeze, the British banks over the past year have made great strides in the *retail banking* area. The various facets comprising this significant trend are interestingly spelled out by Sir Cecil Ellerton, member of the Administrative Council of Barclay's Bank Ltd., London, in a Report by the International Institute of Banking Studies in Rotterdam.

The new retail outlets for bank services for the man-in-the-street include, as here, advances on consumer goods, the purchase of which on credit were formerly limited to *hire-purchase*, the British counterpart of our installment selling. Personal loans, overdraft facilities, "economy" personal checking accounts, are among the comparatively new services aggressively publicized by the former purists who took their cue from the staid "Old Lady of Threadneedle Street."

With their weekly wage progressively increasing, and the workers getting a constantly larger portion of the national income pie, Sir Cecil expects this trend to continue indefinitely. More and more companies are about to pay their employees by check in lieu of cash. The needed statutory steps to formalize this check-giving routine are pending.

Check-making privileges are being widely increased, with the Midland Bank alone making a charge, namely 6d. including the 2d. revenue stamp which is collected with the issuance of the check book.

Increasing Competition

As in this country, the commercial banker is suffering increasingly severe competition from other savings institutions. These include the National Savings movement comprised of National Savings Certificates, the Post Office, and Trustee Savings Banks. Another competitor for the small man's funds is the Building Society, which offers an attractive rate of tax-free interest.

Both the increasingly used systems of paying wages by check and the ever-more popular use of personal checks, are, on the authority of Sir Cecil Ellerton, presently running at a loss.

Thus—abroad as here—severe competition along with higher wage costs is forcing the diversification of services plus automation.

The State of TRADE and INDUSTRY

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Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

The following summary of general business and financial conditions will appear in the February issue of the Federal Reserve Bulletin.

Industrial production and construction activity continued to expand in January, incomes rose further, and retail sales increased from the reduced December level. The money supply declined slightly in January. From early January to early February, common stock prices fell and interest rates generally declined. The average level of wholesale commodity prices continued to change little.

Industrial Production

The Board's seasonally adjusted index of industrial production rose nearly 3% in January, following an increase of 6% in December. At 169% of the 1947-49 average, the preliminary January level was about 12% above both a year ago and the 1957 average. Output of final products advanced further to a new high. Following the marked recovery in December, production of materials also continued upward and regained the peak reached before the steel strike.

Auto production reached new record levels in January and was 34% above the 1957 average. In early February auto assemblies declined moderately. Output of apparel and household goods remained at advanced rates in January and production of consumer staples increased further. Activity in business equipment industries rose to a new high as output of trucks, farm equipment, and industrial and commercial equipment expanded further.

Steel ingot production was around 95% of rated capacity in January, and also in early February, and the rapid recovery in shipments of steel mill products continued; output of other metal materials and parts advanced further. Over-all production of nondurable materials was maintained at record rates.

Construction

Total new construction put in place increased further in January and, at a seasonally adjusted annual rate of nearly $54.9 billion, was within 3% of the record high reached last May. As in December, gains were recorded in every major type of construction activity. Private nonfarm housing starts declined, however, to a seasonally adjusted annual rate of 1.2 million units.

Employment

Seasonally adjusted employment in non-farm establishments rose moderately in January, mainly reflecting substantial gains in the automobile industry and in wholesale and retail trade. The average factory workweek also rose on a seasonally adjusted basis and an increase in overtime hours worked contributed to a rise in hourly earnings. Average weekly earnings reached a new high — 6% above a year earlier. Unemployment increased seasonally to 4.1 million and the seasonally adjusted rate remained at 5.2% of the civilian labor force.

Distribution

Seasonally adjusted retail sales rose 2% in January and, while 3% below the high of last October, were 2% above a year earlier. Auto deliveries rose appreciably, after nearly two months of limited supplies and reduced deliveries, and sales of most other goods changed little. Dealer stocks of new autos also increased substantially.

Commodity Prices

Average wholesale commodity prices remained stable from early January to early February. Price increases were reported for tires and various types of farm equipment, but prices of rubber, wool, and a few other basic materials declined somewhat. Prices of most other industrial commodities changed little. Among farm products, prices of livestock strengthened, although the volume of supplies remained large.

Bank Credit and Reserves

Total commercial bank credit, which had increased $2.8 billion in December, declined about $3.5 billion in January. Loans declined $2.5 billion reflecting largely seasonal repayments by businesses, security dealers, and nonbank financial institutions. Increases in bank holdings of U. S. Government securities early in the month, when the Treasury issued new securities for cash, were more than offset by reductions later in the month. The seasonally adjusted money supply declined slightly and at the end of January was about one-half per cent above the level a year ago.

Member bank borrowings from the Federal Reserve averaged $840 million and excess reserves $460 million over the four weeks ending Feb. 10. Reserves were supplied to banks through continued currency inflow, and were absorbed through reduction in Federal Reserve holdings of U. S. Government securities and a decrease in float. Required reserves declined.

Security Markets

Common stock prices declined sharply further from early Janu-

Continued on page 31

Form Lamel Corp.

SHAKER HEIGHTS, Ohio—Lamel Corporation, 3300 Van Aken Boulevard is engaging in a securities business. Officers are Melvin B. Hott, President; John J. Kirk, Treasurer; and Wheaton D. Cole, Secretary.

J. F. Pritchard Opens

(Special to THE FINANCIAL CHRONICLE)

ASHBY, Mass.—James F. Pritchard is engaging in a securities business from offices on New Ipswich Road under the firm name of J. F. Pritchard & Co.

ANTHONY POOLS, INC.

Company is the largest swimming pool contractor in the United States. Sales have increased every year since 1950 to an estimated $9.8 million in the year to end next June 30. Earnings have increased proportionately and should exceed $0.50 net per share this fiscal year. Anthony's average year-to-year increase in sales has been 37%. Comprehensive report available.

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Metallic Lusters

By Dr. Ira U. Cobleigh, Enterprise Economist

A swift review of certain new metal combinations and coatings that add new color and utility to metals and suggest new horizons of corporate profitability.

There used to be a time when, if something were made out of steel, copper, brass, aluminum or zinc, that was it. There was no middle ground — a given metal either built a product or it didn't. There was no twilight zone of alloy, clad, or coating. But today that's all been changed. Most steels are alloys, and we have a whole series of stainless, and special purpose ones. Many other metals are being combined into sophisticated blends or alloys; and several sport a dressy look or offer new structural qualities because of some surface additives or coatings. So, today, we're going to look at some companies with products adding new dimensions to metal technology.

Hydrometals, Inc.

First, we'd like to talk about a quite old company, Hydrometals, Inc. It was actually incorporated 52 years ago, to carry on the business of an enterprise of the same name, launched 90 years ago—in 1870. Engaged from the outset in the mining and milling of zinc, Hydrometals, has, by merger with Peru Mining Co. properties in Kearney, N. M. in 1941 and, more recently, by acquisition of the Shannon Mine in Cochise County, Ariz., built up substantial ore reserves in lead and zinc. For many years, however, earnings were meager and in the years 1956 through 1959 (fiscal year ends Sept. 30), the company was unable to show a net profit, and its common stock showed no market oomph.

Within the past year, however, Hydrometals, Inc., has made one of the most important breakthroughs in the history of the zinc industry. It has succeeded in developing a brand new alloy — "T-Metal," which blends zinc, titanium and copper into an amazing new material. The qualities of "T-Metal" indicate that it should make important inroads on some of the traditional markets for aluminum, brass, copper and steel. "T-Metal" is a tough beautiful, corrosion-free sheer metal that is thought to do a better job at half the cost in more than 107 places on a new motor car. "T-Metal" is 350 times tougher than any metal in its class, is easily welded, soldered and painted; is light in weight, and it won't rust. In building trades the potentials of "T-Metals" are exciting. For flashing, gutters or termite shielding, the metal is ideal. For sheets, door and window frames, roofing, shingles and lathes, the market outlook is dramatic.

Through its own Illinois Zinc Co. Division, and in joint cooperative effort with Dow Metal Products Co., and American Zinc, Lead and Smelting Co., Hydrometals, Inc. is actively engaged in expanding the production and sales of "T-Metal."

There are 610,957 of Hydrometals, Inc. common listed on the American Stock Exchange, and now selling at around 21½. Current financial position is good. Persons attracted to this equity will be influenced by the competence of management under direction of Mr. Fred M. Zeder, II, President, and by reasonable hopes for dramatic increase in earning power due to "T-Metal" and to the company's advanced research in chemical refining of copper, titanium technology, and a new process for the production of metals by reduction of oxides.

Ferro Corporation

The second company we had in mind is Ferro Corporation, which last year did the largest business in its history—about $63½ million in sales — and produced about $4.50 per share in net earnings. Ferro has a very specialized place in the world of metals. It is the largest manufacturer of a product you may never have heard of —porcelain enamel "frit." This "frit" is composed of partially fused glass, highly granulated. When treated at very high temperatures it can be applied as a coating to many metals, principally iron, steel or aluminum, creating a durable shiny enamel finish. Even if you are not familiar with "frits" your'e certainly familiar with enamel which you find in your home on a refrigerator, a washing machine, a stove or a sink. The uses of enamel are, in fact, constantly broadening. Building panels, exterior metal walls. and roof tiles are now being porcelainized.

Ferro's second major line is in plastics, with especial emphasis on fiber glass. Fiber glass sales, which account for about one-ninth of total current business are expected to double in two years. Ferro's further contributions to the plastic trade include inorganic coloring and chemical stabilizers.

Ferro's manufacturing facilities include nine plants in the United States and subsidiaries or associated companies in 11 foreign countries. Ferro does very well indeed abroad, getting about one-third of its gross and 50% of net from foreign business.

The business of Ferro has a forward look and 1960 is expected to expand earnings to a new high of perhaps $5 a share. Dividends, which were twice increased in 1959, are now on a $1.60 rate. This distribution might be further increased if 1960 lives up to its billing. Ferro has been selling (listed NYSE) at around 45. There is also an unlisted issue of 3⅝% debentures due 1975 convertible into common at $37.24. These "converts" sell at about 120. Ferro is a smartly managed company, strong on research and displaying an above average growth curve. The common sells at a quite respectable multiple of per share net.

Porce-Alume Co.

The patents covering the process of porcelain-on-aluminum enameling are held by E. I. DuPont de Nemours, Inc. A number of companies are licensed to apply this enameling process to sheet aluminum, on a royalty basis. One of these licensees is an energetic young company called Porce-Alume Co. This enterprise is really sold on enameled aluminum. It believes this new surface has a great future because of its superior resistance to erosion, weather, heat and abrasion. Porcelainized aluminum panels are rapidly gaining acceptance for many types of buildings—hotels, terminals, industrial plants, office buildings, because of the attractive appearance and durability of the surface, and the build-in variations in color texture and design available plus economy of installation. Enameled aluminum sheet, if bent or twisted, does not chip, crack or scale. Porce-Alume Co. gained considerable acclaim for the attractive blue enameled aluminum panels it processed for the new American Airlines Building at the Detroit Airport.

Porce-Alume Co. buys its "frits" from suppliers (such as Ferro), mixes them with clay, water and other additives, and applies the resulting fluid (called "slip") to the aluminum surface. The plates, thus coated, are then placed in a specially designed, highly efficient furnace where, by controlled temperature increase, the coating is vitrified and fused with the aluminum. The lightweight weather-proof sheets resulting, are then ready to become exterior wall panel. Porce-Alume does this enameling for contractors who supply the aluminum sheets. Thus, without need for carrying an inventory, the company coats the sheets and delivers them to the building site.

With its plant at Alliance, Ohio, Porce-Alume Co. is enthusiastic about its future in aluminum enameling, and its latest product, aluminum chalkboards. It already has an impressive list of customers. Common stock in the company, offered last year, trades over-the-counter at around 1⅞. As a hopeful, young entry in an ultra-modern. metal technology, Porce-Alumé shares may well appeal to those of a bold speculative turn of mind, willing to await development of earning power.

Today's piece, dedicated to metallic luster, has swiftly outlined three situations: an old company with a new product, an established major enterprise with rising dividends, and an energetic early-stage speculation. If you're metal-minded, these ideas may give you something to meditate upon.

Gene Fenton Joins Oppenheimer & Co.

Gene Fenton, formerly associated with Neuberger & Berman, has joined the New York Stock Exchange firm of Oppenheimer & Co., 25 Broad Street, New York City, as associate director of their Institutional Research Department.

Needed: Reconsideration of Common Trust Fund Rules

By Charles G. Young, Jr., Senior Vice-President and Senior Trust Officer, City National Bank and Trust Company, Kansas City, Mo.*

Federal Reserve Board is admonished to restudy and update its regulations covering common trust funds in the light of their growth and changing conditions. The former counsel to the FRB describes basic weaknesses and inconsistencies said to exist in the present regulations. He argues there no longer is any justification to fear misuse and to continue an attitude of reservation and doubt toward trust funds which may have been warranted 22 years ago in beseeching for a "new look" at the whole problem.

It has been more than 22 years now since the Federal Reserve Board's Regulation F was amended to permit the establishment of common trust funds and to govern their operation. This was accomplished by excepting such funds from the provisions of Section 10(c), which prohibits the collective investment of trust assets, and by adding a new Section 17, governing the establishment and operation of three types of common funds.

During this relatively brief period of time, the common trust fund has experienced an amazing growth. From a mere handful of trust institutions concentrated largely in the East, the use of this arrangement has spread through our industry until by the end of 1958 more than 325 funds had been established. With total assets of around $2½ billion and with more than 104,000 participating fiduciary accounts in the aggregate, these funds were being operated by trust institutions of every size located in all parts of the nation.

As amazing as this rate of growth has been, it has been only a modest reflection of a broader and more important picture. I have reference to the rapidly growing popularity of the collective investment idea among the American people.

More dramatic evidence of this is offered by the fantastic growth of mutual funds. During the 22 years since Regulation F was amended, the total market value of the assets of the mutual fund members of the National Association of Investment Companies increased from a not insubstantial $½ billion to the almost unbelievable figure of $15¾ billion. In addition, the number of shareholder accounts increased almost tenfold from 460,000 to 4½ million. These figures do not include the closed-end companies whose assets increased more than a billion dollars during the same period of time.

It is indeed fortunate for those of us now engaged in the trust business to have had as leaders in the early stages of this development, men who had the wisdom and foresight to see the advantages of the common trust fund and the opportunities it offered and who had the determination and pioneering spirit to obtain enactment of the laws and regulations making its use possible. We are likewise fortunate that the legislative and supervisory officials then in office had the wisdom and courage to adopt the needed laws and regulations. I use the word "courage" advisedly. For it is difficult now to appreciate fully the amount of courage really required in taking such action at that time. To do so we must recreate, if we can, the very adverse conditions then prevalent.

Recall, if you will, that our nation had just experienced the worst financial crisis of its history. A large segment of the people, both in and out of government, not only had lost faith in our financial system and institutions but had been clamoring for all kinds of governmentally imposed restrictions and reforms. It certainly wasn't a climate conducive to any experimental or pioneering action of the kind required to inaugurate the common trust fund movement. After all, the banking industry had just been divorced from the securities business, and no one in a position of authority wanted to do anything which might risk reuniting the parties to this divorce.

Is it any wonder then that the common trust fund regulations, in the form promulgated and still in effect, contained so many restrictions and limitations? Actually, the regulations embodied more of the cautious approach of an ex-

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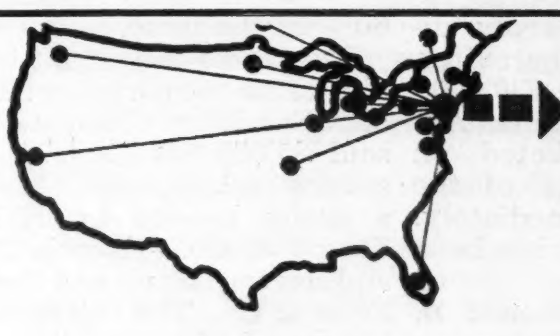

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TAX-EXEMPT BOND MARKET

*BY GEORGE L. HAMILTON**

The state and municipal bond market held steady during the past week, although there is some indication that higher new issue prices and heavier volume are rapidly slowing down the market pace. This leveling off was not unexpected in view of the continued price rise from the start of the year and may serve to warn underwriters that there is more involved in this business than just the buying of issues.

For the first time in seven weeks the weekly average, according to the *Commercial & Financial Chronicle's* 20-year high grade bond Index, was unchanged to 3.469%. It is interesting to note that the high for our averages this year was the 3.68% level on Jan. 6, and that the ensuing weeks have seen the Index reduced to the current low of 3.469%. This reduction in average yields represents a market rise of over three points during the past seven weeks.

The dollar-quoted state and municipal revenue issues are down fractionally from last week, with losses limited to one point. Trading has been quiet and there has been no undue pressure on these issues.

The "Blue List" float of available municipals rose to $270,220,500 as of Feb. 24, as against the $223,000,000 aggregate which obtained on Feb. 17. The current amount is not unduly large for this time of year and it may be explained simply by saying that 80% of the past week's increment consists of the unsold balances of new issues originated in that period.

No "Sellouts"

Many of the issues which were sold during the past two weeks resulted in the placement of one-third to one-half of the bonds upon initial reoffering with a sharply diminishing demand thereafter. For example, of the $30,000,000 Port of New York Authority issue marketed on Feb. 16, about 50% of the bonds were sold immediately. Subsequent progress has been small, with the result that the undistributed balance at this writing is about $13,000,000. Another recent important new issue, the $8,000,000 Orlando, Fla., Utilities Commission bonds, likewise proved "sticky" and $6,000,000 still remain in the account. Numerous other recent flotations experienced the same lethargic reaction of investors.

Underwriters "Locked In"

This brings to mind one of the weaker links of our business, namely the long Joint Account underwriting agreements which has many of our groups standing idly by from 30 to 60 days with large unsold balances while the market slips away. With high grade municipal bonds fluctuating much like good quality common stocks, and with daily changes quite abrupt, it is patently absurd that new issue accounts should normally run for more than one week. Should it be desirable, accounts could quite easily be extended from week to week. Thus, something could be done by dealers to overcome account inaction during periods of slow or falling markets.

Recent Financing

Los Angeles County, California, came to market on Tuesday with an offering of $18,309,000 bonds. This constituted the week's first large tax-exempt undertaking. The bonds, due serially from 1962 to 1979, were awarded to a large group headed by Bank of America N. T. & S. A.-Chase Manhattan Bank-First National City Bank of New York and Bankers Trust Co. on their bid designating approximately a 3.85% net interest cost. The reoffering scale ranged from 2.90% for the 1962 maturity to 3.85% for the bonds due in 1978 and 1979. Initial sales represented 60% of the issue.

Two other important issues also came to market on Tuesday. San Diego County, Calif. sold $5,000,000 general obligation serials (1961-1980) to a group headed by Halsey, Stuart & Co. - Harris Trust and Savings Bank and Phelps, Fenn & Co. The interest cost bid was 3.79% and the scale of yields ran to 3.80% for the 1980 maturity. First reports indicate the issue is about one-third sold. Manatee County (Bradenton), Fla., awarded $4,000,000 special school district bonds, due from 1961 to 1980, to a group led by B. J. Van Ingen & Co.-Trust Co. of Georgia-J. C. Bradford & Co., and associates at a net interest cost of 4.126%. The offering scale ran to 4.15% for the 1980-1981 maturities. About 50% of the issue was placed upon initial reoffering.

Two interesting issues have been awarded as we go to press on Wednesday. Shelby County (Memphis), Tenn. sold $8,000,000 (1961-1985) serial general obligation bonds to a group headed by the First National Bank of Chicago-First National Bank of Memphis-Drexel & Co. and others. The interest cost bid was 3.42% and the scale of yields ran to 3.50% for the 1983 maturity. (The 1984 and 1985 maturities were not reoffered to the public.) Orders are still being taken. Gainesville, Florida, awarded $5,000,000 (1963-1987) serial water and electric revenue bonds to a syndicate led by the First Boston Corp.-Shields & Co. and associates. The interest cost to the borrower was 3.84%. The offering scale ran to 3.95% for the 1984 maturity. (The 1986 and 1987 maturities were not publicly reoffered.) About 70% of the bonds were sold during the initial order period.

New Offerings Ahead

Today (Feb. 25) two important issues are to be presented for sale. The Alabama Education Authority will ask for bids on $20,000,000 (1961-1980) capital improvement revenue bonds. There will be at least three groups bidding for this new name and considerable demand from investors should be forthcoming. The day's other important issue involves $10,460,000 Cuyahoga County (Cleveland), Ohio various purpose serial (1961-1980) bonds. This highly rated issue will attract numerous bidders and close competition.

Next week promises to be of more than passing importance to members of the municipal bond fraternity as a glance at our calendar readily indicates. There are four important large issues up for sale and all are scheduled for competitive bidding.

Pending Negotiated Deals

Privately negotiated issues are still few and far between. Letters are out to dealers and information meetings have been held covering the $41,700,000 Elizabeth River Tunnel Commission, Virginia, offering which is expected to be made momentarily. Proceeds from the sale of this bond issue, together with other available funds, will be used to retire approximately $15,800,000 outstanding bonds, and pay the cost of constructing a second tunnel between Portsmouth and Norfolk. This is to be a term issue, due Feb. 1, 2000, and the bonds will be payable solely from tolls and other revenues to be received from the project.

The Triborough Bridge and Tunnel Authority has announced that it expects to come to market on or about April 19, with an offering of $100,000,000 of revenue bonds. This is the initial permanent financing for the $300,000,000 Narrows Bridge Project. The financing is to be managed by Dillon, Read and Company; White, Weld and Company; W. H. Morton and Company, and Allen and Company. A purchase and sale group under this management is now being formed.

No other large negotiated issues seem imminent.

*Pinch-hitting for Donald D. Mackey, who is on vacation.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.85%	3.70%
Connecticut (State)	3¾%	1980-1982	3.55%	3.40%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.55%	3.40%
New York (State)	3%	1978-1979	3.50%	3.35%
Pennsylvania (State)	3⅜%	1974-1975	3.25%	3.10%
Vermont (State)	3⅛%	1978-1979	3.25%	3.05%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.40%	3.25%
Los Angeles, Calif.	3¾%	1978-1980	3.85%	3.70%
Baltimore, Md.	3¼%	1980	3.70%	3.50%
Cincinnati, Ohio	3½%	1980	3.55%	3.40%
New Orleans, La.	3¼%	1979	3.75%	3.60%
Chicago, Ill.	3¼%	1977	3.90%	3.70%
New York City, N. Y.	3%	1980	4.05%	3.95%

Feb. 24, 1960 — Index=3.46923

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.

February 25 (Thursday)			
Alabama Education Auth. Ala.	20,000,000	1961-1980	10:00 a.m.
Cuyahoga County, Ohio	10,460,000	1961-1980	11:00 a.m.
Fraser School District, Mich.	1,100,000	1962-1985	8:00 p.m.
McMinnville, Tenn.	1,270,000	1964-1990	5:00 p.m.
Northeastern Local Sch. Dist., Ohio	1,200,000	1961-1983	Noon
Oak Creek, Wis.	2,500,000	1961-1978	2:00 p.m.
Sherrill City School District, N. Y.	1,625,000	1960-1989	Noon
Suscarawas Valley Local School District, Ohio	1,082,000	1961-1980	7:30 p.m.
Wachusett Regional Sch. D., Mass.	1,000,000	1961-1970	11:00 a.m.
February 29 (Monday)			
San Buenaventura, Calif.	1,750,000	1961-1985	5:00 p.m.
March 1 (Tuesday)			
Antelope Valley Joint Union High School District, Calif.	1,000,000	1964-1980	9:00 a.m.
Clifton, N. J.	1,170,000	1961-1975	8:00 p.m.
Columbia Heights Independent School District No. 13, Minn.	1,800,000	1964-1990	7:30 p.m.
Englewood, N. J.	2,985,000	1961-1990	8:30 p.m
Gibraltar School District, Mich.	2,500,000	1961-1989	8:00 p.m.
Lawton, Okla.	2,300,000	1962-1985	8:00 p.m.
Los Angeles County, Malibu Waterworks Dist. No. 29, Calif.	3,200,000	1961-1992	9:00 a.m.
Mecklenburg County, N. C.	4,975,000	1961-1988	11:00 a.m.
Michigan (State of)	18,000,000	1961-1985	11:00 a.m.
Newark, N. J.	15,000,000	1961-1980	Noon
New York City Housing Authority, N. Y.	24,640,000	10-11-60	1:00 p.m.
Spartanburg, S. C.	1,200,000	1964-1987	Noon
West Seneca, N. Y.	2,977,300	1960-1988	3:00 p.m.
March 2 (Wednesday)			
Florida Development Comm., Fla.	3,560,000	1964-1989	11:00 a.m.
Lafourche Parish Consol. Sch. Dist. No. 1, Louisiana	2,000,000	1962-1985	11:00 a.m.
Marine City Community Sch. Dist., No. 7, Mich.	1,000,000	1963-1989	8:00 p.m.
San Antonio, Texas	6,629,000	1963-1980	2:00 p.m.
South Carolina (State of)	5,000,000	1961-1980	Noon
Springfield, Mass.	2,130,000	1961-1980	11:00 a.m.
Westport, Conn.	3,185,000	1961-1980	Noon
March 3 (Thursday)			
Dade County (acting as Dade County Port Authority), Fla.	19,200,000	1999	10:00 a.m.
Everett, Mass.	1,470,000	1961-1980	11:00 a.m.
Harrisburg Sch. Build'g Auth., Pa.	3,000,000	1962-1990	1:00 p.m.
Lackawanna City Sch. Dist., N. Y.	1,005,000	1960-1968	11:00 a.m.
New York State Thruway Auth., N. Y.	50,000,000	1985-1995	--------
Rotterdam, Colonie and Guilderland Central Sch. D. No. 3, N. Y.	3,287,000	1961-1988	2:00 p.m.
March 7 (Monday)			
Louisiana (State of)	15,000,000	1961-1984	11:00 a.m.
Palm Springs School Dist., Calif.	1,000,000	1961-1985	11:00 a.m.
Riverside City School Dist., Calif.	1,500,000	1961-1980	11:00 a.m.
St. Clair County, Mich.	2,900,000	1961-1985	10:00 a.m.
White Bear Lake Independent Sch. District No. 624, Minn.	1,200,000	1963-1981	7:00 p.m.
March 8 (Tuesday)			
Cook County, Ill.	25,000,000	1961-1970	11:00 a.m.
Delaware (State of)	12,436,000	1961-1980	11:00 a.m.
Guilford County, N. C.	7,000,000	1963-1980	11:00 a.m.
Monmouth Regional High School District, N. J.	1,675,000	1961-1981	8:00 p.m.
Pittsburgh School District, Pa.	2,000,000	1961-1985	2:00 p.m.
Salina City School District, Kansas	1,250,000	1961-1980	11:00 a.m.
Savannah, Ga.	2,675,000	1961-1980	11:00 a.m.
March 9 (Wednesday)			
California (State of)	100,000,000	--------	--------
Decatur, Ill.	1,300,000	1962-1979	10:30 a.m.
March 10 (Thursday)			
Hendricks County, Ind.	1,087,000	1961-1971	1:00 p.m.
March 14 (Monday)			
Oak Hills Local School Dist., Ohio	1,500,000	1961-1980	Noon
Pomona, Calif.	1,050,000	1961-1990	8:00 p.m.
March 15 (Tuesday)			
Allegheny County, Pa.	6,323,000	1961-1990	11:00 a.m.
Montgomery County, N. C.	1,000,000	--------	--------
March 21 (Monday)			
Hutchinson, Independent Sch. Dist. No. 423, Minn.	2,395,000	1963-1990	3:00 p.m.

New Issues

$18,309,000 COUNTY OF LOS ANGELES

CALIFORNIA

4% BONDS

ISSUES, AMOUNTS, MATURITIES AND YIELDS

(Accrued interest to be added)

$12,900,000 Replacement of Hospital Facilities Bonds

Dated: July 1, 1959

Due: $715,000 July 1, 1962-73, incl.
720,000 July 1, 1974-79, incl.

Amount	Due	Price to Yield	Amount	Due	Price to Yield
$715,000	1962	2.90%	$715,000	1971	3.60%
715,000	1963	3.00	715,000	1972	3.65
715,000	1964	3.10	715,000	1973	3.70
715,000	1965	3.20	720,000	1974	3.75
715,000	1966	3.30	720,000	1975	3.75
715,000	1967	3.40	720,000	1976	3.80
715,000	1968	3.45	720,000	1977	3.80
715,000	1969	3.50	720,000	1978	3.85
715,000	1970	3.55	720,000	1979	3.85

$5,409,000 Juvenile Detention Facilities Bonds

Dated: June 1, 1957

Due: $773,000 June 1, 1971-75, incl.
772,000 June 1, 1976-77, incl.

Amount	Due	Price to Yield
$773,000	1971	3.60%
773,000	1972	3.65
773,000	1973	3.70
773,000	1974	3.75
773,000	1975	3.75
772,000	1976	3.80
772,000	1977	3.80

Legal Opinion

The above bonds are offered when, as and if issued and received by the underwriters listed below as well as other underwriters not shown, whose names will be furnished on request, and subject to approval of legality by Messrs. O'Melveny & Myers, Attorneys, Los Angeles, California.

Payment and Registration

Principal and semi-annual interest (January 1 and July 1 on replacement of Hospital Facilities Bonds and June 1 and December 1 on Juvenile Detention Facilities Bonds) payable at the option of the holder, at the office of the County Treasurer in Los Angeles, California, or at any fiscal agency of the County in New York, N. Y., or in Chicago, Ill. Coupon bonds in denomination of $1,000 registrable only as to both principal and interest.

Tax Exemption

In the opinion of counsel, interest payable by the County upon its bonds is exempt from all present Federal and State of California personal income taxes under existing statutes, regulations and court decisions.

Legality for Investment

We believe that these bonds are legal investments in New York for savings banks and trust funds and in California for savings banks, subject to the legal limitations upon the amount of a bank's investment, and are likewise legal investments in California for other funds which may be invested in bonds which are legal investments for savings banks, and are eligible as security for deposits of public moneys in California.

Purpose and Security

These Bonds, issued under provisions of Article 1, Chapter 6, Division 3, Title 3, California Government Code for various purposes, in the opinion of counsel constitute the legal and binding obligations of the County of Los Angeles and are payable, both principal and interest, from ad valorem taxes which may be levied without limitation as to rate or amount upon all of the taxable real property in said County and which, under the laws now in force, may be levied without limitation as to rate or amount upon all taxable personal property, except certain classes thereof, in said County.

Tax Gain, Amortization of Premium

These bonds will be initially issued by the above named political subdivision at not less than their par value, and a taxable gain may accrue on bonds purchased at a discount. Investors are required under existing regulations to amortize any premium paid thereon.

Bank of America N.T. & S.A. — The Chase Manhattan Bank — The First National City Bank of New York — Bankers Trust Company — Harriman Ripley & Co. Incorporated — Harris Trust and Savings Bank — Morgan Guaranty Trust Company of New York

Blyth & Co., Inc. — The First Boston Corporation — Smith, Barney & Co. — Security First National Bank — American Trust Company San Francisco — Continental Illinois National Bank and Trust Company of Chicago — Chemical Bank New York Trust Company

The Northern Trust Company — California Bank Los Angeles — Merrill Lynch, Pierce, Fenner & Smith Incorporated — Dean Witter & Co. — Weeden & Co. Incorporated — R. H. Moulton & Company — Salomon Bros. & Hutzler

The First National Bank of Oregon — Seattle-First National Bank — R. W. Pressprich & Co. — Stone & Webster Securities Corporation — Bear, Stearns & Co. — William R. Staats & Co. — Mercantile Trust Company — J. Barth & Co.

Clark, Dodge & Co. — Fitzpatrick, Sullivan & Co. — Ira Haupt & Co. — E. F. Hutton & Company — Laidlaw & Co. — W. H. Morton & Co. Incorporated — Wm. E. Pollock & Co., Inc. — Shearson, Hammill & Co. — Stone & Youngberg

Taylor and Company — Bacon, Whipple & Co. — First of Michigan Corporation — Gregory & Sons — J. B. Hanauer & Co. — Kenower, MacArthur & Co. — Irving Lundborg & Co. — Roosevelt & Cross Incorporated — Shuman, Agnew & Co.

R. S. Dickson & Company Incorporated — Chester Harris & Co. — J. A. Hogle & Co. — Kalman & Company, Inc. — A. M. Kidder & Co., Inc. — Bacon, Stevenson & Co. — Burns, Corbett & Pickard, Inc.

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Lawson, Levy, Williams & Stern — Mitchum, Jones & Templeton — Third National Bank Nashville, Tenn. — Wood, Gundy & Co., Inc. — Arthur L. Wright & Co., Inc. — Zahner and Company — Allan Blair & Company

Johnston, Lemon & Co. — Wm. S. Morris & Co. — Dempsey-Tegeler & Co. — The First of Arizona Company — Wulff, Hansen & Co. — Hannaford & Talbot (A Corporation) — C. N. White & Co. — Jones, Cosgrove & Miller — J. A. Overton & Co.

February 24, 1960

A circular relating to these bonds may be obtained from any of the above underwriters, as well as other underwriters not shown whose names will be furnished on request.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Bank Stocks — 111th quarterly comparison of leading banks and trust companies of the United States — New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y. Also available is a bulletin on **Treasury Refunding.**

Burnham View—Monthly Investment Letter—Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available in current **Foreign Letter.**

Cement Industry—Review—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

Cigarette Companies — Review — Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also in the same circular are data on **Coca Cola Bottling Co. of New York** and **St. Joseph Lead.**

Electric Utility Stocks — Bulletin —Bache & Co., 36 Wall St., New York 5, N. Y.

Energy Use: The ever rising trend — Brochure — Energy Fund Inc., 2 Broadway, New York 4, N. Y.

Japanese Stocks—Current Information — Yamaichi Securities Company of New York, Inc., 111 Broadway, New York 7, New York.

Mexican Market — Bulletin — Intercontinental, S. A., Calle Paris No. 15, Mexico 4, D. F. Mexico. In the bulletin is a brief review of **Mexican Telephone Co.**

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Tax Exempt Obligations—Review —H. Hentz & Co., 72 Wall St., New York 5, N. Y. Also available is an analysis of **Crouse Hinds Co.,** and data on **Northern Pacific, Louisville & Nashville, New York Central,** and **Western Maryland.**

Understanding Put & Call Options — Herbert Filer — Crown Publishers. Dept. A-7, 419 Park Avenue, South, New York 16, N. Y.—$3.00 (ten day free examination).

* * *

Air Products — Memorandum — Ernst & Co., 120 Broadway, New York 5, N. Y.

Alberta Gas Trunk Line Co., Ltd. — Bulletin — Osler, Hammond & Nanton Ltd., Nanton Building, Winnipeg, Man., Canada.

American Machine & Foundry Co. —Report—A. M. Kidder & Co., Inc., 1 Wall St., New York 5, N. Y. Also in the same circular are data on **Vendo Co.** and **Papercraft Corp.**

American Waterworks — Study — Dreyfus & Co., 2 Broadway, New York 4, N. Y.

Anthony Pools, Inc. — Analysis — Searight, Ahalt & O'Connor, Inc., 115 Broadway, New York 6, N. Y.

Armour & Co.—Analysis—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Arvin Industries—Bulletin — Carreau & Co., 115 Broadway, New York 6, N. Y.

Beneficial Finance Co.—Review—Hardy & Co., 30 Broad St., New York 5, N. Y.

Brunswick Balke Collender Co.—Bulletin—Hill, Darlington & Co., 40 Wall St., New York 5, N. Y.

Budd Co.—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are analyses of **Sperry Rand and Westinghouse Electric Corp.**

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Central Penn National Bank of Philadelphia—Analysis — Rambo, Close & Kerner, Inc., 1516 Locust St., Philadelphia 2, Pa. Also available are analyses of **First Pennsylvania Banking & Trust Co.** and **Girard Trust Corn Exchange Bank.**

Cessna Aircraft—Memorandum — G. H. Walker & Co., 45 Wall St., New York 5, N. Y.

Citizens Utilities Co.—Analysis— J. A. Hogle & Co., 40 Wall St., New York 5, N. Y.

Columbia Gas System — Annual Report — Columbia Gas System, Inc., 120 East 41st St., New York 17, N. Y.

Cone Mills — Analysis — Herzfeld & Stern, 30 Broad St., New York 4, N. Y.

Crompton & Knowles Corp.— Study — Simmons, Rubin & Co., Inc., 56 Beaver Street, New York 4, N. Y.

Crompton & Knowles Corp. — Analysis—Herzig, Farber & McKenna, 50 Broadway, New York 4, N. Y. Also in the same circular are analyses of **P. R. Mallory & Co.** and **Montgomery Ward & Co.**

Cyprus Mines—Analysis—Shields & Co., 44 Wall St., New York 5, N. Y. Also available is an analysis of **FXR, Inc.**

Dejur-Amsco Corp. — Analysis — Straus, Blosser & McDowell, 39 South La Salle St., Chicago 3, Ill.

Dictaphone Corp. — Analysis — Hayden, Stone & Co., 25 Broad St., New York 4, N. Y. Also available is a bulletin on **Chase Manhattan Bank.**

Di Noc Chemical Arts Inc.—Memorandum — Blair & Co., Inc., 20 Broad St., New York 5, N. Y.

Eaton Manufacturing Co.—Survey Hornblower & Weeks, 40 Wall St., New York 5, N. Y.

Electric Bond & Share Co.—Bulletin—Montgomery, Scott & Co., 120 Broadway, New York 5, N. Y.

First National City Bank of New York—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Ford Motor Co. — Analysis — Joseph Walker & Sons, 120 Broadway, New York 5, N. Y.

Fruehauf Trailer Co.—Analysis— Halle & Stieglitz, 52 Wall St., New York 5, N. Y.

Gatineau Power Co.—Analysis— McLeod, Young, Weir & Co., Ltd., 50 King St., West Toronto, Ont., Canada.

General Cable Corp.—Analysis— Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is an analysis of **Allis-Chalmers Manufacturing Corp.**

General Merchandise Co.—Memorandum—Oppenheimer & Co., 25 Broad St., New York 4, N. Y.

Georgia Bonded Fibers—Analysis —Sandkuhl & Co., 39 Broadway, New York 6, N. Y.

Hercules Powder — Analysis — Abraham & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are analyses of **Public Service Electric & Gas** and **Walgreen Co.**

Holiday Inns of America, Inc.— Analysis — Equitable Securities Corp., 322 Union St., Nashville 3, Tenn.

Kendall Co. — Memorandum — Francis I du Pont & Co., 1 Wall St., New York 5, N. Y.

Lease Plan International Corp.— Analysis — Ross & Hirsch, 120 Broadway, New York 5, N. Y.

Long Mile Rubber — Analysis — Scherck, Richter Co., 320 North Fourth St., St. Louis 2, Mo.

Lucky Stores, Inc. — Analysis — Dean Witter & Co., 45 Montgomery St., San Francisco 6, Calif. Also available is an analysis of **Rheem Manufacturing.**

Martin Co. — Memorandum — Robert Garrett & Sons, South & Redwood Sts., Baltimore 3, Md.

Northern States Power Co.—An-

Continued on page 43

Hedging Against Inflation And Labor Difficulties

By Roger W. Babson

Experienced financial observer selects Weyerhaeuser Company to illustrate his views on the better way to use land as a hedge against inflation. To hedge against labor troubles, he suggests the insurance industry but, also, alerts investors to always be ready to switch, when dangerous labor demands arise, to a group of stocks freest from labor troubles. The unwary investor is urged to employ an experienced investment counselor or invest in mutual funds.

In previous columns I discussed hedging against inflation. I said that the best "hedge" is land—that the government can print more bonds; that corporations can print more stocks; but that only God can make more land. This means that as population increases, as woodland grows, or as more minerals, oil, gas, etc. are discovered, properly located land will increase in price as inflation increases.

Taxes Must Be Paid

Of course, either the corporation owning the land or the investor must pay the annual taxes. As investors do not like to do this, even in the case of orange groves, then it is better to buy stocks in a corporation like Minute Maid, which will pay the taxes and which, when fruit is plentiful and sales are good, can also pay a dividend on the stock. Taxes, however, must be paid by some one and taxes are sure to slowly increase each year.

Big companies like the Weyerhaeuser Company (largest timber owner in the U. S.) do this by selling lumber, corrugated paper, and containers of all kinds through their manufacturing divisions. Even the great owners of woodlands are subject to strikes in their manufacturing divisions, but the timber continues to grow while the labor is on strike. The steel, iron, and coal supply, however, does not increase when a big steel strike is on.

Wages Will Continue to Rise

I have recently been reading an Economic History of England. The frightful long hours and low wages of the coal miners of 150 years ago seem almost unbelievable. Even little children were obliged to work in the mines for a few cents per day. The coal miners have been forced to continual struggle during these 150 years up to the present time. The same is true of the wageworkers of most every great industry.

Investors must not think that labor troubles will ever be over. After securing the highest wage that the traffic will stand and the shortest practicable working hours, labor leaders will fight for representation on boards of directors and ultimate government ownership. Only competition from European and Asian countries can check price increases or higher tariffs. High tariffs work for a while but ultimately will "kill the goose that lays the golden eggs."

Wise Investors Watch Labor Leaders

Some industries are more vulnerable to labor troubles than are others. This means that investors should constantly watch the labor trends and switch their investments from the more vulnerable industries such as the steel, coal, motor, electrical, railroads, bus companies, etc., into the less dangerous ones where labor is not yet in such a powerful position that it does not care whether or not stockholders get any dividends. Moreover, remember that Congress will vote to help labor, whether or not their claims are just.

The labor leaders find it most difficult to organize the more intelligent workers, especially sales forces working on a commission; also merchandising companies—such as variety chains — where there is a large turnover among the sales clerks. This now applies also to drug stores.

Be Prepared to Switch

Insurance companies may temporarily be free from labor troubles. The insurance premiums would continue to be paid into the home office whether or not a strike should occur. Settlement of claims would be delayed until the State Insurance Commission forced an agreement and granted higher rates to offset any wage increase. The same protection could apply to the owners of bank stocks.

There will always be some group of stocks that will be least subject to dangerous labor demands; the groups may, however, change from time to time. There are always some stocks which, for a time, are freest from labor troubles; but to hedge against such troubles investors should constantly be willing to switch out of one stock into another. This means that wise investors will employ an experienced investment counselor to watch these changes or else will invest money in mutual funds which do not have to fear legislation.

Nat'l Investors Brokers Elect

Vincent Dimiceli, Jr., has been elected President of the National Association of Investor's Brokers it has been announced.

Mr. Dimiceli, who is with the Chicago office of Hornblower & Weeks, investment brokers, succeeds the Association Presidency of Armand Fontaine of Merrill Lynch, Pierce, Fenner & Smith Inc.

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General Economic Outlook And Housing in 1960

By Dr. George Cline Smith,* *Vice-President and Chief Economist F. W. Dodge Corporation, New York City*

Admitting his housing forecast of 1,200,000 units for 1960 is higher than the typical forecast, Dr. Smith shows that this area, nevertheless, remains a pivotal cause for his prediction that total construction will decline for the first time since World War II—by the small amount of 1%. As for the other principal general economic outlook indicators, the economist anticipates they all will rise including the price level. He maintains housing demand is strong and that we have been underbuilding—even in our peak years; blames FHA-VA fixed interest rates for the roller-coaster cyclical movements in housing in pointing out that conventionally financed housing has had no significant cycle, and submits housing may increase next year if money rates ease, or if certain actions are taken by the government, which would help forestall any downward tendency in the economy next year.

With only a few significant exceptions, the economic outlook for the remainder of 1960 appears quite good. In the past month, in fact, certain developments have occurred which make the picture seem considerably brighter than it did at the beginning of the year.

Dr. George C. Smith

One of these was the settlement of the steel strike, prospects for which appeared very gloomy right up until the settlement was announced.

Another is the apparent improvement in prospects for solution of other labor-management problems which had threatened to interrupt production during 1960.

And a third recent development is the improved outlook for Federal finances, according to the President's budget message. Budget forecasting particularly on the revenue side, is an inexact science, but the estimates presented for a small surplus in the current fiscal year and a substantial surplus next year offer hope for debt or tax reduction, and some easing of the pressure on money rates.

The estimated surplus of $4.2 billion for 1961, however, depends in part on additional taxes and higher postal rates, which may or may not be granted by the Congress. The remainder of the estimated surplus assumes higher revenues from existing sources, which will in turn depend very heavily upon the state of the economy in late 1960 and 1961. All of the surplus results from diverting more money from the public into the Treasury. None of it comes from reduction of Federal spending, which is actually scheduled to increase.

Reviews Results of Economic Poll

Last November, we released the results of our annual poll of leading economists on the business outlook. Subject to the improvements in conditions noted above, I think the collective opinions of the 273 economists participating are still applicable to the present situation, particularly since the forecasts were based on the correct assumption that the steel stoppage would not continue into 1960.

Briefly, the opinions of the economists may be summarized as follows: First, the general expectation is that the principal indicators, such as Gross National Product and personal consumption expenditures, will rise steadily through 1960. But two cautions should be noted: First, the economists are not nearly as unanimous in this expectation as they were a year earlier, when they looked ahead to 1959. Second, there is a general feeling that the rate of growth may taper off later in 1960. And, while the economists were not asked for projections into 1961, many commented on the possibility of some downturn or readjustment in that year.

On two subjects of 273 economists were nearly unanimous: they expect inflationary forces to continue pushing prices moderately upward; and they expect money to remain tight.

The median estimate of the economists is that G.N.P. will reach an annual rate of $514 billion by the fourth quarter of 1960; that the Federal Reserve index of industrial production (old basis) would reach 160 in June and remain at that level through the rest of the year; and that personal consumption expenditures in 1960 would total $325 billion. They also expect the consumer price index to reach 127 by next December, and the wholesale price index to go to 121.

My personal impression is that these estimates still stand up reasonably well as to the probable pattern, but that they may be somewhat conservative in the amounts of increase in all the indicators, including prices. This seems particularly true in the light of the recent improvements in the outlook.

The principal weak spot in the nonagricultural sector of the economy in 1960 is housing, about which more will be said later. Indeed, this is almost the only major weak spot in the short-term outlook.

Longer range, there are, of course many more problems. I think it is fair to say, however, that the fear of severe depression, which has hung over many of our people like a pall since the 1930's, is beginning to dissipate. We have reason to hope that increased economic sophistication will enable us to understand what makes the economy sick, and how to keep it well.

I would like to take this occasion to compliment the Joint Economic Committee for its tremendous contribution in this direction. We have learned much from the material the Committee and its competent staff have developed.

Much more remains to be done. In addition to the more obvious problems, such as inflation and unemployment, on which the Committee is working, I would respectfully suggest that some intensive studies are needed aimed at ironing out two of the more violent cyclical movements still remaining in the economy. These are the roller-coasted movements to be found in residential building and in business spending for new plant and equipment. In the recent past, cycles in these two areas have fortunately tended to offset each other. If they should coincide, particularly while declining, we might face some serious problems.

A great deal more could be said about the outlook in general. However, I have been asked to comment specifically on construction and on consumer spending.

Recent Trends in Construction

In the past two years, dollar volume of construction activity has been at record levels. The seasonally adjusted index of construction contracts[1] shows that a high level was reached in mid-1958 which has tended to serve as a ceiling ever since. Some evidence of a declining trend may be deduced from the figures for the last few months of 1959.

For 1959 as a whole, total contracts set a new all-time record. This is hardly remarkable, because they have done this each year since 1946, despite the three postwar recessions and the ups and downs in various categories of construction.

In late 1959, several sharply divergent movements of individual categories had begun to show up. Contracts for two of the largest construction types, housing and highways, had declined; in the fourth quarter of 1959, housing contracts were 5% below the corresponding quarter of 1958, and highway contracts were down 35%. On the other hand, a very pronounced upward movement appeared in contracts for industrial buildings; in the fourth quarter, they were up 66% over the fourth quarter of 1958.

Contracts for school buildings, which constitute the fourth largest of the major construction categories (exceeded only by residential, highways, and commercial buildings) underwent their first substantial postwar decline in 1959, down 8% from 1958. Commercial building contracts set new records in 1959, up 9% over 1958, with stores up sharply and offices down moderately.

Construction in 1960

We expect that total construction contracts in 1960 will show a decline of about 1% below 1959. This decline would hardly be worth noting, except that it will be the first decrease in total contracts in any year since World War II. As the attached table indicates, it will be the result of a number of cross trends in individual categories.

We expect that housing contracts in 1960 will decline about 8% below 1959 in dollars, and about 10% in physical volume, as measured by floor area of contracts or in number of nonfarm housing starts.

Nonresidential building in 1960 should be quite strong, with both dollar volume and floor area up about 7%. Leading this upward movement will be industrial building, for which we estimate a gain of 20% in floor area of contracts.

Heavy engineering should be up about 2% in dollar volume of contracts.[2] An upturn in electric utilities, which were quite weak in 1959, will produce this rise. Highway contracts will probably show little change from 1959.

Housing in 1960

Special comment on new housing activity is called for.

Housing starts, and contracts, have shown strong cyclical movements in the postwar period. These cycles have shown a pronounced inverse relation to interest rates, and therefore have also been out of phase with cycles of prosperity and recession.

There are many who believe that housing should be used as a balance for the rest of the economy, and it is obvious that it has tended to serve in this capacity. The question has been raised, however, whether it is (a) fair to those in labor and management whose incomes are tied to this industry to make use of it in such a manner; and (b) wise to interrupt the progress that might otherwise be made in such a social necessity as better housing.

I am firmly convinced that the principal, if not the only important cause of the cyclical movements of housing in the postwar period is the interest rate structure—and only in the F.H.A.-V.A. sectors of housing, at that. Demand for new housing has remained steady, year after year. Regardless of interest rate changes, conventionally financed housing has not shown any significant cycle. The entire roller-coaster in housing starts is accounted for by the F.H.A.-V.A. insured programs.

It is easy to deduce that the solution to the housing cycle lies either in maintaining steady and relatively low interest rates, or in making the F.H.A. and V.A. rates flexible enough to compete in the money markets. The first solution, in my opinion, is incompatible with our economic system. The latter solution has been requested by the President again in his messages to Congress.

Without going into policy matters at this point, suffice it to say that in 1960, interest rates promise to remain high, and V.A. mortgages and to a lesser degree F.H.A. mortgages will be relatively unattractive. There is general agreement that despite the general prosperity expected in 1960, housing starts will therefore decline. If housing activity is indeed a leading economic indicator, this trend may be a bad omen for the economy in 1961. The Congress, of course, may or may not take actions which will reverse the trend in 1960.

I am convinced that basic demand for housing remains strong. Our population growth of around 3 million a year requires nearly a million new houses annually; and on top of this we have requirements for replacement.

Two things should be pointed out here. First, household formation figures are not a useful guide to housing demand. An increase of one million households is statistically the same as an increase of one million occupied dwelling units. Net additions to households cannot be made without net additions to the housing stock, or a decline in the very nominal vacancy rate. It is therefore entirely possible for a decrease in home building to limit the formation of new households. It is utterly impossible to tell from the statistics whether decreased pressure to form households reduces housing demand, or whether high interest rates, restricting home building, also restrict household formations. For this reason, I believe that the simple population increase figures are more useful as an indicator of basic demand for housing.

Second, there is the matter of replacement of existing stock. We have no adequate current data on

Continued on page 19

1 Reference is made in this section to construction contracts, rather than to work-in-place, because the contracts serve as anticipatory data, preceding trends in the work-in-place series. There is evidence that the contracts also are useful as advance indicators of general business activity. Two of the well-known "eight leading indicators" of the National Bureau of Economic Research are the Dodge construction contract data on residential building and on industrial-commercial building (floor area).

2 No physical volume measure is available for heavy engineering, since most heavy engineering projects involve no measurable floor area.

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Competitive Outlook for Funding of Pension Plans

By Frank L. Griffin, Jr.,* Vice-President and Actuary, the Wyatt Company, Chicago, Ill.

Consultant in the field compares the merits of insured and trusteed retirement plans and examines misleading statements said to have left the public confused. Mr. Griffin discusses: split funding; the issue of equity annuities versus definite formula plans; use of equity funds by insurance companies in the hopes of regaining an important position in the pension field when certain problems are resolved; and the disadvantage to older policyholders of "select" crediting of interest on group annuity funds. The author concludes that the insurance companies chances of recovering a significant share of the pension fund market lies in the permissive equity investments area, but even when this materializes it still will not provide any unique advantages over trust fund financing. Warns trust funds, however, not to rest on their laurels.

Much of the changing accent in pension funding is due to salesmanship which exploits the psychology of that which is currently fashionable — rather than being due to intrinsic merit based on any fundamental change in the underlying economy. However, you might say that substantial changes in stock values and relative yields on stocks and bonds, for example, do lead to new sales techniques, regardless of how unscientific or even unsound the fashionable gimmicks may be. I propose to discuss some of these, particularly as they relate to the competitive position of trust companies and insurance companies in the pension field.

The cold war between exponents of insured and trusteed retirement plans suddenly flared into a hot one again last November. The raising of insurance banners at that time, from all sides, might have led an outsider to believe that the financing of pension plans through insurance had, by some magic, finally become more attractive than trust fund financing.

Confusion in the Public Mind

I quote, in part, from the "Kiplinger Letter" of Nov. 14, 1959.

"Company pension plans are going to cost less—the insured plans. . . . Employers with trusteed plans are sure to reexamine. This is a major development in the pension field."

The implication of this statement was grossly misleading. All that had actually happened was that an income tax disadvantage of insurance company pension funds had been corrected by Act of Congress. Qualified trust funds have always been exempt from this tax. The result of such Act was merely to allow insurance companies nearly to "catch up" on this one point; they had not gone ahead on any point where the trust fund has long enjoyed an advantage.

Confusion in the public mind is also being created in other ways. Publicity seekers have been putting forth "shock material" relative to pension plans and pension funding, based on a lack of knowledge of the practical application of pension funds and sometimes even of the terminology in this field. A great deal of publicity has also been accorded the statements of Reverend Paul Harbrecht, S.J., of St. Louis, whose motivation may have been better but many of whose conclusions are as erroneous as those of other newly created "experts."

Nor are actuaries proof against misinformation or the subtleties of prejudice. Messrs. Warters and Raw of the Bankers Life Insurance Co. recently published a paper in the Society of Actuaries Transactions entitled "The Risks in Equity Investment for Pension Funds." In my opinion, the paper starts from a false premise and proceeds to build and knock down one straw man after another. Fortunately for our professional reputations, virtually all of the actuaries discussing this paper, even those who represented insurance companies, took a view completely counter to the authors.

If any one should take the trouble to trace the history of major developments in pension plan financing, he will find that most advances in this field have come about through the activities of consultants and trust fund administrators. For example, such a history might be abbreviated as follows:

Funding Flexibility

(1) Bankers and consultants promote systems permitting greater latitude of contribution from year to year.

(2) Insurance company spokesmen make predictions in strongly opposing such flexibility.

(3) Insurance companies, losing ground to trusteeships, reverse their field and capitulate to flexibility. "If you can't beat 'em, join 'em!" GA contracts become more flexible.

Equity Investments

(1) Trustees advocate and buy equities for pension funds.

(2) Insurance company spokesmen feverishly oppose equity investment for pension funds.

(3) Insurance companies, finding themselves on a fast track, again decide "if you can't beat 'em, join 'em," Under cover of the cold war, they back co-existence in the form of "split funding," "equity annuities," and "equity funds" in the state of Connecticut.

To the employer seeking the best means of handling his pension plan, it is of more than passing interest that "flexibility" runs counter to the traditional insurance aproach, and that equity investment to any marked degree is not permitted insurance companies by legislation in the various states. The important point, however, is that, in the modernization of pension plans to date, insurance companies have not been very good leaders but have been diligent followers of public opinion.

Let us examine briefly some of the recent developments which, in the broad sense mentioned earlier, are by-products of today's economy.

Split Funding Realistically Viewed

Insurance companies originally invented split funding as a means of "keeping a foot in the door," at a time when trust fund administration, with its permissive equity investments, threatened to preempt the field. Under split funding, each deposit is shared in some agreed manner between the trustee and the insurance company, on the theory that the latter can do as good or better a job on the "fixed income" investments.

Various arguments have been advanced to make this method appear attractive; and, in some cases, it may have merit where insured annuities are desired at retirement. At the present time, however, the yields on new issues of high grade bonds are such that no insurance company could compete, for average return on its total portfolio, with a new trust fund invested in fixed-income securities alone. Moreover, the cost of administration of the combined fund would be more than if the total were handled by the trustee alone.

Split funding, under which all fixed-income securities are purchased through an insurance company's portfolio and all equities through a trust, makes it impossible for the combination to give the best results, since the means of shifting between fixed-income and equity investments would be inadequate, as conditions from time to time make this profitable. It is unwise for an employer to place this handicap on the investment of his funds; it is far better to let a trustee control the balance of the entire investment portfolio. Where split funding is to be followed, the trustee's share of the total should be large enough to permit him to invest up to the maximum contemplated proportion in equities plus a sufficient amount in fixed-income securities to give him the desired leverage to shift emphasis to one or the other in a changing market. For a 40% stock objective, this may well mean that the trustee should have 70 to 80% of the entire fund.

Split funding is often a direct result of the revision of an existing insured plan, where the assets already accumulated perhaps cannot be drawn down from an insurance contract and must therefore be used to provide a portion of the pensions falling due in the future. In such a case, a form of split funding will exist as long as any assets remain with the insurance company, even though all of the new deposits go directly to the trustee for investment. In this sense, particularly, split funding plays an important role today.

Equity Annuities vs. "Definite Formula" Plans

Equity annuities involve the use of retirement plan deposits to purchase "shares" in a fund invested entirely in equities, as well as the payment of retirement benefits at the other end of the line in terms of such shares and their value at that time.

This system has the obvious advantage of allowing retirement benefits to grow with inflation (to the extent that the values of the shares remain correlated with the costs of living). It is this aspect, of course, which has been stressed by proponents of the system.

On the other hand, there are also disadvantages. These include the volatility of the share values, the panic psychology in a declining market, and the fact that the entire risk of fluctutation is placed upon the employee. Equity annuities appear to be more appropriate for individual purchases, who fully understand what they are buying, than for mass pension coverage. Variable annuities probably would not wear well with the average employee during any period of market decline. The first storm in the market might well undo all the good resolutions and psychology which lead a company to adopt such a plan in the first place, and its employees to accept it.

The primary risk of equity investment has to do with the short swings in the market, which can be violent and which may bear little relationship to living costs. The long-term trend — assuming discriminating investment in the country's basic industries—is not one to give great concern and is better correlated with living costs. Under the usual retirement plan where it is the employer who takes the risk of equity investment fluctuations, this risk is solely one of long-term trend (historically upward), since the plan itself may be presumed to be permanent and therefore not to entail the risk of enforced liquidation at loss.

Thus, the more conventional "definite formula" pension plan based on pay levels near retirement age, should, in my opinion prove more satisfactory in the long run than equity annuities for groups of employees. Temporary even wide, fluctuations in equity values are of no consequence under such a plan when considered over the long-term of the employer's operation. Furthermore, the employer is then the only one who is required to stand firm in the presence of adverse psychological factors. Under this type of plan, the employee avoids the very real short-term risks and still has a pension corrected to his higher living standards at retirement.

Equity Funds Managed by Insurance Companies

When operated parallel to a deposit administration contract for the same employers, this may be the tool by means of which insurance companies eventually regain an important position in the pension field, provided the attractiveness of equity investment does not eventually decline by sheer weight of artificially stimulated prices. So far, however, I do not believe that any important business has been done on this basis in the State of Connecticut, where it has been made a legal function of an insurance company.

We understand that some of the problems still unresolved with respect to such funds include:

(1) Federal income tax questions under the special laws applicable to insurance companies.

(2) Questions of SEC regulation.

(3) Conflicts under segregated insurance company funds because of an absence of trust powers.

(4) The possibility that New York State will continue to exercise extraterritorial control over the investments of out-of-state companies.

So, it does not appear that this much touted device will get off the ground very soon, at least not unless New York State authorizes the procedure.

Selective Method of Credit Interest Is Unfair to Older Policyholders

With the rapid rise in bond yields, some of the more sales-minded insurance company managements approved the use of a "select" crediting of interest on group annuity funds. For example, any deposit made in 1959 would receive a special higher interest credit commensurate with the yield then obtainable on new monies, and an artificially declining balance of the same deposit (as assumed by formula) would continue to receive such treatment for a number of years. Deposits in 1960 would be handled similarly, based on yields on new investments made in 1960.

This "gimmick" has a lot of current sales appeal, since the employer will feel he is getting the same treatment as would be accorded him under a trust fund. However, in my opinion, it will eventually catch up to the insurance companies using the device. It violates the established insurance principle of average yields on total portfolio, and currently discriminates against the old policyholder who "joined up" in a period of low interest rates, in the expectation of full benefit of better yields on total portfolio when these became available. These older policyholders, who are having their interest credits watered down, therefore, may become fair game for conversion to fully trusteed plans!

Though inflation is frequently cited as the main reason for equity investment, it is unnecessary to rely on the bugaboo of inflation to make a case for equities. Assuming investment for the long pull in basic industries, the pension fund will experience capital growth even in the absence of inflation. Insurance company flirtation with equity investments for pension plans, or dalliance with trust fund administration under split funding for similar reasons, acknowledges their general acceptance of the theory of equity investment.

The desirability of equity investment of a portion of any large pension fund is tied directly to sound planning of the pension benefits themselves. An effective retirement plan must enable an employer to rid his payroll of employees whose effectiveness has been impaired by age or disability. To do this without adverse industrial or public relations, benefits must be adequate in relation to costs of living and compensation levels near retirement.

If an employer is to write a "blank check," so to speak, with respect to inflated costs of a plan based on final average pay, he should, likewise, protect himself in the form of a "blank check" on the asset side. In other words, his deposits to the fund should be invested to a substantial degree in common stocks, which are also subject to growth with inflation. There is, in my opinion, a definite correlation between good retirement planning—benefits adequate in relation to needs at retirement age—and the medium selected to finance the plan.

Since a point can frequently be gained by "damning the opposition with faint praise," you should be quick to compliment insurance companies for having the good sense to adopt, even though grudgingly, many innovations already in effect under trust funds. In the evolution of desirable forms of pension funding, let us never lose sight of the role which has been played by trustees and consultants in accomplishing advances in the public interest, even in the creation of new forms of insurance coverage. The nuisance value of consultants is considerable; there is a standing joke in our office that whenever we are hired to study an insured pension plan, at the very least dividends will immediately be increased.

Denies Picking on Insurance Companies

Let me make it quite clear that I have no bone to pick with insurance companies on this score. Having spent years on the actuarial staff of one of the largest eastern companies, I count many friends among the representatives of the insurance industry. Nonetheless, when certain salesmen for that industry introduce all manner of spurious arguments, then it is time for someone to call a halt. For example, you often hear it said—"But we guarantee the principal." At this point, it might be well to ask who guarantees the guarantor? Is it not the same group of industrial giants who guarantee fulfillment of a large part of the trustee's obligations? If a trustee is investing in the senior securities of duPont, General Electric, AT&T or General Motors, is not the guaranty of any one of them, or of all of them collectively, equal to that of an insurance company?

Again, when you hear the argument, "But we guarantee a 3½% or 4% yield for the first five years on all monies deposited in the first year," should we not ask whether, when we invest in the safest type of security today at 5% or better, we are not, in effect, obtaining a 5% guaranty for the entire period during which the bond remains "uncalled"? It is well to maintain perspective in evaluating any of these standard sales arguments.

Sees Trust Funds Still Ahead

What is the competitive outlook for the funding of pension plans? I, for one, do not believe that there have been any recent developments which will alter the advan-

tages which trust fund administration has long enjoyed. The rise in interest rates on high grade bonds in recent years certainly cannot cause trust fund advocates to run for cover! The same opportunity exists for the trustee to obtain these high yields, as for the insurance company; and he continues to have his usual advantage of permissive equity investment with capital growth possibilities.

It should be unnecessary to remind anyone that a new fund can immediately be invested to return 5% through high-grade bonds, and that the lower average yield of the insurance companies (or of an old fund) will improve gradually only by reason of the large volume of investments made at substantially lower yields. Except for the few insurers who have adopted the special "select" system of crediting interest, therefore, the sharp rise in bond yields has actually improved the argument for trust fund financing for a new case.

One would think from the comments of some that the removal of the Federal income tax, in part, against some insured pension funds had automatically solved the insurance companies' problem of competition with trust funds. This, of course, could be true only if that had been the sole competitive advantage of the trust. It was not very long ago that some insurance men were "shocked" by the fact that consultants, like ourselves, were pointing up the Federal tax differential and its effect on cost comparisons. Now these same men are considering the removal of such tax as their "entry into the promised land." The publicity which consultants gave to this point did result in the removal of a disadvantageous tax against the insurance companies, for which insurers should be thankful; but it by no means handed the initiative back to them.

There remain many advantages of trust fund financing, which trust funds already appreciate, including lower investment expenses on a large fund, lower administration expenses, absence of any commissions or state premium taxes, and far greater flexibility to achieve a balanced investment portfolio with capital growth possibilities.

Equities Area Seen as Insurance Companies' Hope

The main chance, I think, of any substantial recovery by insurance companies of a significant share of this market would be permissive equity investment by insurance companies. The special equity funds which the new Connecticut law permits constitute a development in this direction. Although there has not, as yet, been any busines to speak of (maybe none) written on this basis, I understand that there has been a lot of competitive noise about this plan in certain areas. This has, perhaps, been in the nature of a "delaying action" until the product can be perfected and its approval obtained from other states. Even if this plan of action becomes a practical reality, however, it should be borne in mind that it merely follows trust investment flexibility already in existence, and does not introduce any unique advantage for the insurance company.

Certain reasons have, of course, always existed in favor of insuring some pension plans. These will continue to exist. Examples of situations where insured plans will continue to be used, in whole or in part, include: (a) smaller companies, particularly those whose future existence may be somewhat indefinite; (b) cases where funding at retirement with an insurance company has great appeal to management (or is believed to have such appeal to employees); and (c) cases where insurance is virtually a foregone conclusion because of a relatively strong position held by insurance company representatives on the board.

It is also possible that if the present trend continues toward restriction of amounts of group term insurance by statute, the need or desire for significant employee death benefits may in some cases lead to individual policy or group permanent financing of such benefits, the most expensive forms of pension funding. Such legislation is nothing short of class legislation, brought about by insurance lobbyists backed by the powerful C.L.U. ("Certified Life Underwriters"), in whose interest it is to force the writing of high commission forms of insurance even by mass purchasers of employee benefit coverages. I believe we should do everything possible to oppose this trend and agitate for the removal of some of the maximum limits already imposed on group term insurance by the states.

Because of the tremendous publicity which the banks have given to their specialized investment services in this field in recent years, and to the better informed opinions of counsel, accountants, and businessmen themselves, I do not look for the initiative to pass back to the insurance companies. Trust fund exponents faced a far more difficult job when they first entered this field actively, against the concerted efforts of the greatest sales force known. The trustmen have won on the merits of their product and through programs of education aimed at business leaders. The merits of the trust approach go well beyond arguments of cost. They include greater flexibility to design a plan to suit one's own requirements, greater ease of amendment, and greater flexibility (usually) to control the incidence of contributions and the constituent elements of the investment portfolio. To all of these advantages may be added the independent and expert advice which the employer will receive when his plan is serviced by a consulant with diversified experience in the field, and the greater interest in his problems which will be shown by the specialists of his own choosing.

With the narrowing of the differential in interest yields obtainable by insurance companies and trust companies, however, trustmen cannot afford to rest on their laurels if they wish to retain the initiative. Despite the existing advantages of the trust, including capital growth potential, flexibility, and so on, the very powerful sales force of the insurance industry will continue to hammer away with well worn arguments. More than ever, it is necessary for trustment in the trust field to focus attention on those areas where superior performance can be demonstrated and maintained.

*An address by Mr. Griffin before the 41st Mid-Winter Trust Conference sponsored by the Trust Division of the American Bankers Association, New York City, Feb. 9, 1960.

Rowles, Winston Names Directors

HOUSTON, Texas — Roger G. Stotler and Robert H. Baker were elected to the Board of Directors at the annual stockholders meeting of Rowles, Winston & Co., Bank of the Southwest Building, President Russell R. Rowles has announced. Mr. Stotler and Mr. Baker hold the position of Vice-President of the firm.

Mr. Stotler has been associated with Rowles, Winston & Co. since 1946; Mr. Baker since 1947.

Rowles, Winston & Co. is an underwriter, distributor and dealer of municipal bonds and corporate securities.

L. J. Schwartz Opens

(Special to THE FINANCIAL CHRONICLE)

MARBLEHEAD, Mass. — Louis J. Schwartz is conducting a securities business from offices at 19 Humphrey Street under the firm name of L. J. Schwartz & Co. He was formerly with First Investors Corporation.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

A bill to regulate bank mergers has been kicking around Congress since 1956 and the indications are that it is still bottled up.

Between 1934 and 1958 the number of banks in the country declined from 15,925 to 14,060. During the same interval the number of branch banks increased from 3,191 to 9,493. Between 1950 and 1958, 731 banks with total resources of $11,303,595,104 were absorbed by means of consolidation, mergers, and purchase and sales transactions with the approval of the Comptroller of the Currency. During the same interval 601 banks with total resources of $15,127,365,052 were absorbed with the approval of state banking departments.

The last several Economic Reports of the President have recommended that Congress strengthen Federal authority to regulate bank mergers. Advocates of legislation in this field assert that the large number of bank mergers during recent years "give rise to concern for the maintenance of vigorous competition in the banking system . . ." In its Report on bank merger legislation last year, the Senate Committee on Banking and Currency stated that although there are differences of opinion "about the effect and the significance of the mergers which have taken place . . . there is general agreement that legislation providing for uniform and effective regulation of mergers is required for the future."

Under present law, the Committee pointed out, "controls over bank mergers are incomplete and confusing, particularly with respect to the competitive factors which may be involved." At the present time, the Committee said, "many, perhaps most, bank mergers can proceed with little or no consideration of competitive factors."

The Senate approved legislation to regulate bank mergers in 1956 and again in 1957, but these bills did not pass the House. In 1956 the House passed a bank merger bill, but the House version was not accepted by the Senate. A bill (S. 1062) to regulate bank mergers, introduced by Sen. Robertson of Virginia, was passed by the Senate last year. S. 1062 is cosponsored by Sens. Fulbright of Arkansas and Capehart of Indiana. A companion bill (H. R. 4373) has been introduced in the House by Rep. Kilburn of New York. The Robertson bill is now pending before a subcommittee of the House Committee on Banking and Currency. Subcommittee hearings on the bill were concluded on Feb. 18.

Current proposals to regulate bank mergers take two different approaches: The Robertson bill would require prior approval of bank mergers by appropriate Federal banking agencies. The agencies involved are the Comptroller of the Currency, the Federal Reserve Board and the Federal Deposit Insurance Corp. Jurisdiction would depend upon whether the resulting bank is to be (1) a national or district bank, (2) a state Federal Reserve System member bank, or (3) a nonmember state bank insured by the FDIC. In passing upon a merger application, these agencies would be required *"to take into consideration"* various factors, including the question of whether the effect of the merger "may be to lessen competition *unduly* or to tend *unduly* to create a monopoly."

The other approach, under a bill introduced by Rep. Cellar of New York (H. R. 4152), is to subject bank mergers to the Clayton Antitrust Act so as to make them unlawful where the effect *"may be* to substantially lessen competition or to tend to create a monopoly." In other words, under the Clayton Act approach, if the effect of a merger "may be" to substantially lessen competition, or to tend to create a monopoly, other factors which might make the merger in the public interest would not be considered. Under present law bank mergers accomplished by asset acquisitions (as distinguished from acquisitions of stock) are not covered by the Clayton Act.

The principal issues are: (1) whether factors other than the effect on competition should be considered in determining whether a bank merger is in the public interest and (2) whether the Attorney General, the banking agencies, or a single agency, should regulate bank mergers. Proponents of the Clayton Act approach argue, in effect, that any merger which may substantially lessen competition should be prohibited regardless of the benefits which the public may derive from it. Those who favor the Robertson bill, on the other hand, feel that the strict Clayton Act test should not be applied without regard to other factors. Cases are cited where banks merge because they have inadequate capital, poor management, are too small to meet the needs of the community or for other entirely proper reasons. Advocates of the Robertson bill take the position that although competitive factors should be considered in passing upon mergers, the law should permit "a balanced judgment" based upon all the factors involved in each case.

On the question of which agencies should regulate bank mergers, sponsors of the Robertson bill feel that the three Federal banking supervisory agencies should be utilized because this "follows the traditional structure" and places authority in agencies experienced in the banking field. Opponents of this approach contend that control should be centralized in the Attorney General because of the antitrust factor, or in a single agency so as to obtain uniform regulatory standards. The Robertson bill seeks uniform regulation by providing that whenever one of the banking agencies considers a proposed merger it must seek the views of the other two agencies with respect to its competitive effect. In addition, the agency involved would be required to obtain the views of the Attorney General except in cases where immediate action is necessary.

Stodder to Be V.-P. Of A. G. Becker

CHICAGO, Ill. — On March 3rd, John W. Stodder will become a Vice-President of A. G. Becker & Co. Incorporated, 120 South La Salle Street, members of the New York and Midwest Stock Exchanges.

This is not an offering of these shares for sale, or an offer to buy, or a solicitation of an offer to buy, any of such shares. The offering is made only by the Prospectus.

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February 25, 1960.

Chemical Company Mergers And Consolidations, 1948-54

By Henry C. Thorne, Jr.,* *Amoco Chemicals Corp., Chicago, Ill.*

Those interested in the techniques of company growth should find this empirical study of mergers helpful. Mr. Thorne observes that: (1) most acquisitions were made by larger companies and that the chemical industry's rate exceeds the all-manufacturing average; (2) paramount reasons were market expansion and product diversification; (3) financial terms to a large extent relied on increases in the number of authorized shares; (4) the acquired firm generally had significantly greater return on assets than the acquiring firm; (5) principles of valuation proved to be correct as the major basis for valuation of a firm or shares was earnings; and (6) the goals of diversification and rapid growth were successfully met but not so the goal of greater profitability.

External growth through merger is one important aspect of company expansion. This paper is a statistical study of mergers in the chemical industry during the period 1948-54.

Federal Trade Commission data on all reported mergers in the manufacturing and mining industries during this period show about 10% of all mergers occurred in the chemical industry. The industry ranked third in total number of concerns acquired, second in the average number of firms acquired per acquiring company, and first in companies with six or more mergers. Almost 80% of all acquisitions were made by companies with $10 million or more in assets; the acquired concerns were usually much smaller.

More detailed analyses of six chemical companies with six or more mergers frequently showed that the acquired company had a somewhat greater return on investment. In the majority of cases current earnings were the most significant factor in determining the company value. For these six companies mergers accounted for 10 to 75% of total growth.

For the most part, the mergers were orthodox in purpose, method, scope and results. In terms of such management goals as product diversification, or rapid growth they may be considered a complete success. In terms of acquiring company profitability, they appear to be no more advantageous than other means of growth.

Introduction

External growth through merger is one important aspect of company expansion. This paper, following a brief historical review, describes a statistical study of mergers in the chemical industry during the period 1948-54.

Although all basic data are from published sources, much of the information reported is not conveniently available elsewhere. It should be of value to anyone interested in the techniques of company growth, and should be of particular value to members of the chemical industry.

Brief Historical Background

Quantitative data showing the long-term trends in merger activity have been available for manufacturing industries as a group since 1919,[1] but data for the chemical industry don't begin until 1948. The merger movement follows a complex cyclical pattern; generally chemicals follow the over-all trend and account for 5 to 10% of all manufacturing mergers. It is interesting to note the relatively small magnitude of the post World War II movements in comparison to post World War I activity. Historical trends also show that business acquisitions occur mainly in prosperous times. The period of interest in this paper, 1948-54, is the most recent period of accelerated activity. Disappearances during this period amounted to 1,773 firms, including 175 chemical firms, compared to an all-manufacturing total of over 13,000 firms from 1919 to 1954, and 1,245 firms in the peak year 1929 alone.

Other data show that mergers generally account for an appreciable fraction of company growth. A study by Professor Weston[2] of the University of California covering 74 dominant firms in 22 census industries over 40 to 50 years led him to conclude that about one-fourth of the growth of these firms was directly attributable to merger.

An independent study by Lintner and Butters[3] of the relative growth of the 1,000 largest manufacturing companies in the United States, 1940-47, showed similar results. To minimize scatter, the authors divided these 1,000 companies into eight major size groups. I will refer to this study again in relation to my own work. Note now:

. . . The assets of a typical acquired company were about $2 million and varied only slightly with change in acquiring company size.

. . . The acquiring companies varied much more in size and were usually much larger than the acquired company, with assets averaging $70 million.

. . . Acquisition of a $2 million company by a $70 million company amounts to an average growth of only 2.8% per acquisition.

. . . Medium size corporations have expanded more rapidly from their cumulative mergers than the very large or very small concerns.

. . . Mergers, because of the small size of the acquired company, are least important to the growth of larger corporations, although the firms with the most mergers are more often in this group, as will be shown later.

. . . Mergers cumulatively accounted for 20% of the average acquiring company's growth in this period, showing reasonable agreement with Weston's figure of 25%.

Analysis of FTC Merger Data

To determine in more detail some important characteristics of the recent merger movement, and to permit comparison of the chemical industry with all manufacturing and mining, the Federal Trade Commission merger report for the years 1948-54 was reviewed and analyzed. This particular period was chosen because it is reasonably current and the basic listings of chemical mergers are already available. More recent mergers were not analyzed, as data for several years following the merger date were considered necessary to evaluate merger success.

In this period there were 1,023 acquiring companies in all the manufacturing industries which consummated 1,773 acquisitions, or one every four years. The 73 acquiring companies in the chemical industry made 175 acquisitions, or 10% of the total, for a rate of one every three years. The 19 other two-digit industries included in the Standard Industrial Classification "All Manufacturing and Mining" had from 4 to 166 acquiring companies which made from 4 to 249 mergers, for a frequency ranging from one every seven years to slightly under three years. The only industries ranking above chemicals in any of the indicated categories are non-electrical machinery, food and kindred products, and fabricated metals. From this data on merger frequency, one concludes that the chemical industry found mergers to be more important and useful than did most other industries.

The trend of acquiring chemical companies to more frequent mergers is even more clearly shown by a listing of all manufacturing and mining companies that made six or more mergers in this period; this select group is composed of 24 companies. Chemicals rank first with seven companies, or almost twice as many as any other industry. Six chemical companies,[4] were chosen from this group for a more detailed study described later in this paper.

TABLE I
RELATIVE IMPORTANCE OF REASONS FOR MERGER

	Six Chemical Cos. No. of Mergers	Six Chemical Cos. % of Mergers	All Mfrg.,* % of Mergers
Expanded Existing Markets	13	25	32
Product Diversification	10	20	21
New Markets	11	21	8
Lengthened Product Line	6	12	21
Forward Vertical Integration	6	12	8
Backward Vertical Integration	5	10	10
Total	51	100	100

*FTC Data.

A cumulative frequency distribution shows that relatively few acquiring companies accounted for most of the acquisitions. Thus the top 5% of acquiring companies were responsible for about one-fourth of all acquisitions; the top 20% for about one-half; the top 40% for about three-fourths. Again, chemical companies rank above the all-manufacturing average.

As might be expected, the group which made most mergers consists of larger companies; thus nearly two-thirds of all manufacturing and mining acquisitions reported during 1948-54 were made by companies with assets of $10 million or more. The effect is even more pronounced in the chemical industry, with nearly 80% of the acquisitions made by companies over $10 million in assets. From the preceding cumulative frequency distribution one concludes that about 40% of all acquiring companies has assets over $10 million.

Six Chemical Companies With Six or More Mergers, 1948-54

To provide additional data on importance of mergers in company growth, reasons for merging, merger terms and apparent success in mergers, six chemical companies with six or more mergers in this period were studied in considerable detail. These companies are among the largest in the industry, which is in line with previous statements that most acquisitions were made by larger companies. Total mergers per company ranged from 6 to 18 for an average merger frequency of from once to more than twice per year—in contrast to the chemical industry average of once every three years. Because of the number of mergers in this period it was assumed that the acquiring company managements thought the mergers were successful, making it a logical group for further study.

The six firms showed a surprisingly wide spread in growth rates and proportion of growth by merger. The average total assets growth ranged from 7 to 44% per year; overall average is 15% for all six companies, compared to 9% for all chemicals and allied products.[5] Equity growth, a measure of stockholders' interest, tended to parallel this trend, going from 6 to 38%. Olin-Mathieson was the leader by both yardsticks. In fact, only Allied Chemical and Dye and Koppers disagreed significantly between these alternate measures of growth.

Although it is not necessary that the two yardsticks agree, it is convenient, since only equity growth can be easily subdivided as to sources of growth. Here growth is divided into internal and external means, with external growth further classified as growth by merger and growth through sale of stock. A wide range in relative importance of mergers is evident. For Olin-Mathieson mergers accounted for about 75% of equity growth; for Allied and Koppers, only 13% and 10% respectively. A weighted average for all six companies based upon median assets is 43%, well above the historical average of 20 to 25%.

Retained earnings were still the biggest growth factor, except for Olin-Mathieson and Food Machinery & Chemicals. Sale of stock was important for three companies — for Koppers three times as important as mergers. These data on sources of growth, quite useful but rarely reported, are derived from footnotes in Moody's "Manual of Industrials."

Total asset growth was combined with the estimated proportion of equity growth through merger to estimate the average percentage growth per merger. "Median assets" are merely the average of balance sheet figures shown at the beginning and end of the period studied. Again we confirm the small average growth per merger; from 0.7% for Koppers to 6.9% for Olin-Mathieson. Except for Olin-Mathieson, growth per merger in 1948-54 has been similar to but a little larger than the reported 1940-47 data for the 1,000 largest manufacturing companies in the United States. The sizes of Olin-Mathieson's acquisition's are unique in the group.

Acquired company assets ranged from an average $1 million for Koppers to $18 million for Olin-Mathieson. The mean assets for the acquired company was $9 million, primarily because of the large sizes of Olin-Mathieson's acquisitions. Excluding the latter, the average was only $5 million.

A natural question concerning any merger is, "Why did they merge?" From information provided by the New York Stock Exchange Listing Statements, company annual reports, prospectuses, miscellaneous published articles on company operations, and direct correspondence from some of the companies, the major reasons for merging could be estimated for 51 of the 58 acquisitions studied.

The reasons are summarized in Table No. 1 below, along with Federal Trade Commission figures for all manufacturing and mining; agreement is fairly good.

The primary purposes for about half of the mergers in both groups were expanded existing markets or product diversification. Penetration of new markets was more important to the chemical industry than to the average manufacturing company, and is taken as evidence of the fast moving diversified character of the chemical industry. Lengthened product line and forward and backward vertical integration were other important reasons for merger.

About one-third of the acquisitions of the six chemical companies were only indirectly associated with chemical activities, if at all, again illustrating the broadly diversified nature of many large chemical companies. Food Machinery and Chemicals Co. and Koppers are both good examples.

Financing by Authorized Stock Issuance

Another important aspect of mergers is the financial terms finally agreed upon by the two parties. Required data were obtained from the New York Stock Exchange Listing Statements, which are published whenever a company listed increases the number of authorized shares

[1] Federal Trade Commission, *Report on Corporate Mergers and Acquisitions*, (U. S. Government Printing Office, Washington, D. C.) May 1955.

[2] J. F. Weston, *The Role of Mergers in the Growth of Large Firms* (Los Angeles: University of California Press, 1953), p. 48.

[3] J. Lintner & J. K. Butters, "Effect of Mergers on Industrial Concerntrations, 1946-47," *The Review of Economics & Statistics*, Vol. XXXII, No. 1 (February, 1950), pp. 30-48.

[4] American Marietta, the seventh chemical company with six or more mergers in the given period, was not included in the study, as necessary data were less readily available.

[5] Federal Trade Commission—Security Exchange Commission, *Quarterly Financial Report for Manufacturing Corporations*, Table 7. (Fourth Quarter Data, 1946-57).

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Offering Circular.

NEW ISSUE February 23, 1960

100,000 Shares

Peterson Electronic Die Co., Inc.

COMMON STOCK

(Par Value 20¢ per Share)

Price: $3.00 per Share

Copies of the Offering Circular may be obtained from the undersigned in any State in which the undersigned may legally offer these shares in compliance with the securities laws of such State.

G. K. Shields & Co.

15 William St., New York 5, N. Y.

Telephone: DIgby 4-9755 *Teletype:* NY 1-1632

Forty per cent of the mergers were in this category. Coverage ranged from 14 to 67% for individual companies. This was considered an adequate sample.

The average size of the 24 acquired companies reported in the listing statements was $22 million, or nearly three times the $9 million average estimated for all mergers consummated by the six selected companies. Again the size is inflated because of the magnitude of Olin-Mathieson's activities. Excluding Olin-Mathieson's mergers, the average acquired company size was $8 million. Half of all reported acquisitions had assets under $4 million. Fewer small companies are shown, since many of them were purchased for cash, and when an exchange of stock was involved there was frequently a sufficient number of authorized but unissued shares.

In evaluating merger terms a number of items affecting solvency, profitability, growth, and ownership appeal were studied. They included market price, earnings history, price/earnings ratio, dividend payout, book value, return on total assets, and current ratio.

One of the most important conclusions of the study shows that the acquired company generally had a significantly greater return on assets than the acquiring company.[6] The unweighted average for the acquired companies was 11%; for the acquiring companies at the time of merger it was 7%. In only 5 of the 24 cases did the acquiring company show a greater return. In other words, the acquired companies generally showed greater efficiency, as measured by total assets. In this sense they were good buys if the acquiring firm paid the right price.

Factors Determining the Exchange Ratio

Actual merger terms fall into two major groups of nearly equal size:

(a) Mergers where current earnings were the most significant factor in determining future value. The share exchange basis for 40% of the companies matched latest year earnings within 10 to 15%. In another 10% of the cases they match within 20 to 30%. In general, the acquired company benefited slightly, presumably because of the acquiring company's desire for control.

(b) Those mergers where the effect of current earnings was masked by other factors, and earnings adjusted for the exchange ratio still failed to match by 50 to 150%. These other factors included a desire for control, hidden earnings, growth prospects and changed future earnings, a weak acquired company (or one in a cyclical business). Book value, capital structure, market price and dividend payout had little noticeable weight. The current financial position was important for the few weak companies noted. In about three-fourths of the cases in this "b" group, terms benefited the acquiring company.

The review lends support to the generally accepted principles of valuation. It demonstrates the vital importance of earnings as a major basis for the valuation of a company or its shares and the relative unimportance of asset factors. However, the acquiring company's desire for control does appear to have given the acquired company stockholders a slight edge in negotiation of merger terms.

Merger Success Difficult to Learn

The last topic to be covered is merger success. Unfortunately, acquiring companies seldom report information as to success or failure of the acquisition program. Of course, a merger can be a complete success in terms of the company's announced objectives (product diversification, etc.), yet be a failure profitwise.

Because of the usually small size of the acquired concern, these studies aimed at the cumulative effect of mergers on company operations. Still no strong evidence of success or failure was evident. For example, consider the return on assets criterion. Here the weighted average value for the six companies is plotted with data for all chemicals and allied products as provided by the FTC-SEC.[7]

During most of the period studied, average profitability for the six selected chemical companies was below the average for chemical and allied products, although the difference appears to be narrowing. This narrowing trend is in line with the greater return on assets generally found for the acquired company, but unfortunately does not appear very substantial. Since total growth and proportion of growth through merger should have been enough to reflect any significant changes in the rate of return (except possibly for Allied Chemical & Dye and Koppers), one must conclude that these mergers have effected little overall change in company efficiency. Perhaps it is the problem of getting two separate companies to function smoothly as one.

Rate of return and turnover data for each acquiring company were also studied. In some cases of "big" mergers, a short lived drop in efficiency occurred as measured by inventory and receivables turnover. This is also taken as evidence of the organization problems associated with mergers. Some other matching trends in turnover ratio and fixed asset proportions were noted, but considered to be more indicative of the altered character of company operations than of increased or decreased efficiency. Certain long-range benefits from mergers were also inferred, as the minimization of cyclical profit declines for Food Machinery & Chemicals and Koppers through a decreased proportion of sales to the capital goods industry.

Conclusion

For the most part the mergers were orthodox in purpose, method, scope and results. In terms of such management goals as product diversification or rapid growth, they can be considered a complete success. However, in terms of acquiring company profitability, mergers appear no more advantageous than other means of growth. Perhaps it is only reasonable that this is so. In any case, studies such as these should be continued to obtain further data in this important area.

*This abstract is from Mr. Thorne's dissertation prepared in partial fulfillment of a Masters Degree in Business Administration, Northwestern University, and was presented at the last meeting of the American Chemical Society meeting.

6 Because of limited acquired company data, most of these comparisons are just for the year preceding the merger.

7 Federal Trade Commission—Security Exchange Commission, *Quarterly Financial Report for Manufacturing Corporations*, Table 7. (Fourth Quarter data, 1946-57).

Gordon Pfau V.-P. Woodcock, Moyer

PHILADELPHIA, Pa.—Woodcock, Moyer, Fricke & French, Incorporated, 123 South Broad Street, members of the New York Stock Exchange and other leading exchanges, has announced Gordon W. Pfau has become associated with them as a Vice-President in charge of their municipal department.

Mr. Pfau has specialized in Pennsylvania municipal and authorities bonds for the past 25 years. Prior to joining Woodcock, Moyer, Fricke & French he was associated with Bache & Co.

Dominick & Dominick to Acquire Schoellkopf, Hutton & Pomeroy, Inc.

J. Fred Schoellkopf, IV, President of Schoellkopf, Hutton & Pomeroy, Inc.; A. Varick Stout and Seymour H. Knox, III, Senior Partner and Buffalo Resident Partner respectively, of Dominick & Dominick, have announced that the Dominick firm proposes to absorb that portion of the Schoellkopf facilities and staff presently engaged in the investment banking business. When this has been done, Dominick & Dominick's Buffalo office will be located at 70 Niagara Street. The present investment activities of Schoellkopf, Hutton & Pomeroy, Inc., in New York City, will be integrated with those of the Dominick firm.

Background Material

The Schoellkopf and Knox families have long been jointly engaged in a variety of business undertakings, a number of which are headquartered at 70 Niagara Street, Buffalo, including Transcontinent Television Corporation, owners and operators of WGR-TV, AM, FM, and other broadcasting outlets throughout the country, and Niagara Share Corporation, a Buffalo closed-end investment company.

The management of Schoellkopf, Hutton & Pomeroy, Inc., after careful consideration has decided to devote its resources and energies to the further development of its Industrial Activities Division established in April, 1958. This division was created after stockholders of the company approved a management proposal to diversify Schoellkopf, Hutton & Pomeroy, Inc.'s activities through the acquisition and operation of established industrial concerns. Under this diversification program, the company acquired and presently owns a subsidiary which operates a profitable processing plant in the steel industry. Other possible acquisitions are under consideration.

Mr. Knox stated that the proposed arrangement would result in expanded and improved services to the Niagara Frontier by the 90 year old firm of Dominick & Dominick. Dominick & Dominick is internationally known as an underwriter and distributor of corporate and municipal securities, as well as a broker-dealer with memberships on the New York, American and Toronto Stock Exchanges. Its headquarters are located at 14 Wall Street, New York City and, in addition to its Buffalo Office, the firm maintains branch offices in midtown New York, London, Eng., and Paris, France, and a wholly-owned corporate affiliate. Dominick Corporation in Montreal, Can. The firm also has relationships with 23 correspondents whose offices are located in 91 cities throughout the United States and Canada.

The announcement promises the continuation of a long established, historical inter-family business relationship of two of Buffalo's most prominent families. Included among their Niagara Frontier associations are interests in the Marine Midland Corporation, Buffalo Insurance Company and American Steamship Company.

Emmett Connely

Emmett F. Connely passed away suddenly February 2nd at the age of 68. Mr. Connely, prior to his retirement, was head of American Securities Corporation. He was a former president of the Investment Bankers Association.

UBS Distributing Formed

BOSTON, Mass.—U. B. S. Distributing Corp. has been formed with offices at 210 Newbury Street to engage in a securities business. Officers are Robert H. Smith, president; Donald P. Babson, vice president; David R. Sargent, treasurer; Robert S. Moore, assistant treasurer; and John S. Howland II, clerk and secretary.

Timely Investors Formed

Timely Investors Planning, Inc. has been formed with offices at 24 Pell Street, New York City to engage in a securities business. Officers are Theodore S. H. Dee, president, and Jim L. Chu, secretary-treasurer.

Bogle Director of Wellington Mgmt.

PHILADELPHIA, Pa. — John C. Bogle has been named a director of the Wellington Management Company, which with its subsidiaries is investment advisor and national distributor of the Wellington Fund and the Wellington Equity Fund, it has been announced by Walter L. Morgan, President. Mr. Bogle joined the Wellington organization in 1951 and was subsequently appointed Assistant to the President. He is also Secretary of the Wellington Equity Fund and Secretary of the Wellington Management Co.

John C. Bogle

Malone Joins D. H. Blair Co.

D. H. Blair & Co., 42 Broadway, New York City, members of the New York Stock Exchange, announced that Thomas M. Malone has joined their firm in the Trading Department. Mr. Malone, who has been in the investment business for many years, was formerly in charge of the trading department of Gill & Co. for more than 20 years.

Form Ocala Corp

SILVER SPRING, Md. — The Ocala Corporation is engaging in a securities business from offices at 11236 Georgia Avenue. Officers are Robert Symonds, president; Allan Mendelson, treasurer; and Morton Lifshutz, secretary.

Lubetkin, Regan Office

KINGSTON, N. Y.—Lubetkin, Regan & Kennedy has opened a branch office at 630 Broadway under the management of Robert I. Baron.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offer is made only by the Prospectus.

NEW ISSUE February 24, 1960

75,000 Shares

General Aluminum Fabricators, Inc.

Common Stock

(Par Value 10¢ Per Share)

With Warrants Attached

The 75,000 shares of Common Stock have Stock Purchase Warrants attached (detachable only for the purpose of exercise) permitting the purchase of an additional 75,000 shares, in the aggregate, at $4.00 per share at any time on or before January 30, 1961.

Price $4.00 Per Share

Copies of the Prospectus may be obtained from the undersigned.

Charles Plohn & Co.

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J. A. Winston & Co., Inc. **Netherlands Securities Company, Inc.**

Business Faces the Issue of Real Prosperity and Growth

By Hon. Frederick H. Mueller,* *Secretary of Commerce*

How well informed are businessmen about the jeopardous cost of, and narrow escape from, excessive government spending? In answering this, Secretary Mueller credits the fighting of a "veto-swinging" President backed by the conservatives of both parties and grass roots support for stopping the spenders. He directs attention to an accrued federal liability of $750 billion over and above the regular cost of defense, welfare and other governmental functions, and blames outside pressure groups, not the legislator, for triggering special appropriations that foster inflation. The Secretary points out that business opposition to reckless deficit spending is not to be construed as being against economic growth but as merely being against "forced draft" government action and "dope-needle" inflation which, he says, blocks real growth and threatens our future.

Like it or not — the attitude of giant government affects private business progress everywhere.

Government officials actually spend more of corporate earnings than corporations do. They also take from a minimum of 20% to a maximum top rate of 91% of businessmen's personal taxable income.


Frederick H. Mueller

So businessmen are smart to keep tabs on government.

Businessmen might well consider the warning of Sir Winston Churchill in confronting the programs of Socialism: "To build is the laborious work of years," he said. "But to destroy can be the foolish act of a single day."

I represent an Administration that is determined to maintain a climate in which private competitive enterprise can thrive and deficit-spending will stop. We do not consider meeting a payroll the sign of a low IQ or middle-of-the-road conservatism a term of reproach.

The Commerce Department in this Administration means business. We mean to exchange ideas, advice and services with private industry so that government will be competent, and free enterprise, which has generated history's greatest prosperity, will continue to grow.

I shall discuss the outlook for 1960 and beyond and shall sketch briefly some of the policies and programs of the Eisenhower Administration that are aimed both at safeguarding and advancing vigorous economic growth.

Economic and Population Growth

The word "growth" is the topic of this year's nationwide debate. Just as everybody is against sin, so is everybody in favor of growth. The acid tes[illegible] means by growth: The sustainable growth of a healthy economy or the cancerous growth of inflation.

Growth has been a paramount ambition since the days of the pioneers. It is more so in a world of technological revolution. The necessity of sustainable, vigorous growth is accentuated by two factors: The threat to our freedom and security and the problems and opportunities created by our expanding population.

To stand still today is to be on an escalator—basement bound.

In April, as Secretary of Commerce, I shall direct the huge Decennial Census, the comprehensive recording of which, itself, is an impetus to growth. For its timely and accurate statistics will be the source material of market surveys which business, all through the 1960-70 decade, will use to develop desirable products and locate potential customers.

The nose-count will reveal a population of 180 million—up 29 million from 1950 and headed for 215 million consumers by 1970. When you lunch tomorrow, 8,000 new Americans will join you. There will be 80 million more, when a baby born **today** is old enough to vote. What an alluring future market for business.

There are also growth problems. It is estimated by educators that the projected growth of college enrollment in this decade may require almost a doubling of our facilities, or, in other words, a new plant nearly equivalent to all the existing university and college facilities constructed since Harvard, the first college, was founded over 300 years ago.

Mounting estimates of various modern needs clearly indicate that we must have a sound, growing economy, stripped of every impediment, if we are to support our expanding population and missile age defense in the years ahead.

I repeat, everyone believes in growth. But a violent clash comes in a difference of opinion as to the best way to achieve it.

The group on the extreme left demands: "Do it by forced draft government action. Do it by Federal crash programs. Do it with dope-needle inflation. Pass the buck to Uncle Sam and let the taxpayers foot the bill."

The group on the right insists: "Give private initiative the chance to do most of the job itself. Keep government's fingers out of our pocketbooks and government controls out of our front offices. Bureaucrat, go home and stay there."

Right now, we sometimes hear voices argue that, because businessmen oppose reckless deficit spending, businessmen want to block growth.

Businessmen know better. The inherent nature of businessmen is to desire growth. That's one reason they are in business. They strive to grow by junking obsolescent machinery and outstyled products and by developing new and better goods to expand sales.

The kind of rank growth that business opposes is the growth in fiscal irresponsibility and the growth in Federal deficits and debts that stunt **real** growth and stoke inflation.

How Well Informed Is Business?

I do not believe New York businessmen and their associates elsewhere are going to keep mum this year when any irresponsible politician or any economic illiterate tries to drain from the blood stream of the private economy the savings urgently needed for investment in research and capital outlays that create **more** business, **more** employment and **more** economic growth.

I wonder if even well-informed business executives appreciate the full extent of the danger confronting sound economic growth.

I wonder if they know about the narrow escapes our economy had in last year's Congress—and the hazards it faces this year.

Had it not been for a fighting, veto-swinging President, backed up by a Conservative Coalition from both parties and supported by an overwhelming public opinion at the grass roots, the spenders would have blown holes in the sandbags and a flood of inflation would have engulfed this nation—from Wall Street to Main Street.

But the number one culprit is not the legislator. It is the outside pressure group that triggers special appropriations.

Last year there were major spending bills for new programs introduced on Capitol Hill that, if passed, would have totaled more than $300 billion over an average period of five years. Allowing that part of this includes some duplication, an estimate of this magnitude represents a staggering spending threat.

The spenders would not have had the spunk to propose a tax levy to cover cost. So they would have ordered it piled on top of the current $290 billion national debt.

Chiefly because of previously authorized programs, interest on this debt increased in the last decade from $5.7 billion to $9.3 billion—a 63% rise. Think of it—we are now paying in interest charges **alone** three times the cost of the **entire** government of the United States in Calvin Coolidge's last budget.

Instead of spurring healthy growth, the spenders would heap up debts and interest that would be a perennnial drag on growth.

That's not all. These proposed expenditures and fixed charges disclose only part of the picture.

Here are some additional fiscal problems created by programs—many of them worthwhile programs—authorized by previous Congresses. Future commitments on public works already begun, housing, highways and similar projects total $98 billion.

Even if Congress starts no new programs this year, certain existing ones contain built-in increases for civil aviation, merchant shipping, veteran's pensions outer space and many other programs. These built-in increases amount to over $2 billion for fiscal '61 and already will add a billion dollars to the 1962 budget.

Nothing short of program modification or repeal can check cumulative obligations.

Facing us also are accrued liabilities estimated at some $30 billion for military retirement, $28 billion accrued liabilities for civilian government employee retirement and about $300 billion for future pensions, compensation and other benefits voted for veterans. These accrued obligations for past services total around $350 billion.

Add this estimated figure to the current debt of $290 billion and existing commitments or C.O.D.'s of $98 billion, and we have an estimated total of nearly $750 billion. Think of it, an almost three quarters of a trillion dollar mortgage on America's future beyond the regular annual cost of defense, welfare and other governmental functions.

Of course, all of these bills will not come due in a single wallop But the accrued liability is a ticking **time-bomb**. Someday, somebody will have to pay. Certain programs may be slashed by a future Spartan Congress. And if our private economy continues in healthy growth, inevitable burdens may be financed in part from increased income.

But the titanic size of the impending obligations should be taken into account by every responsible citizen, whenever he hears more wild talk about more wild spending.

If we do not slam on the brake and keep our foot hard-pressed on the pedal, we may very soon confront $100 billion budgets, heavier taxes, higher debts, lower value of currency — all weakening our economy and undermining our defense—all pushing the America of the 1960 decade headlong toward the precipice.

It is to save economic growth from ruin that the Eisenhower Administration will continue to wage a no-quarter fight against the budget-boosters and the surplus spenders. For, if we can save the surplus for reduction of debt, we can—at the proper time—initiate the much-needed tax reform which business wants so strongly.

Is not our fight businessmen's fight too?

Not All Is Black

However, all most certainly is not black; the outlook for 1960 has many bright features. The battle daily fought in Washington for a sound economy already has done much to give our free enterprise system the spirit and the means to generate the greatest prosperity of all time. The Gross National Product for 1959 was at a $480 billion peak. It can climb to the half trillion dollar altitude record before 1960 ends.

If government, business and labor have the brains and backbone to use our enterprise system right and to hold inflation at bay, 1960 will be the best year of our lives and the entire decade —discounting minor adjustments from time to time—should be history's greatest and most widely-shared Golden Age.

In this special report from Washington, I shall now outline some of the Administration programs to help this nation reach that Golden Age. Time compels the inventory to be limited to Commerce Department programs that foster sound growth. Our aim in all of them is to provide service that only government can provide but which the private sector itself, can use in generating further personal well-being and economic progress.

Making Research and Patents Known

One magic key to growth is our Patent Office and its miracle-mix of the fruits of research and invention. In addition to our file of around three million patents, we're granting a thousand new ones each week. We're harnessing electronics to speed up search operations. We're now putting class lists of patents on microfilm and making them available in libraries in New York and other cities.

Previously, the findings of much valuable research were pigeon-holed and lost to private industry. This year, our Office of Technical Services will collect, catalog and distribute around a thousand new research reports monthly, "feeding back" into our economy bright ideas which business can transform into commercial products. We're also translating thousands of foreign research reports, including Russian science.

This year, we hope to start building just outside Washington a brand new plant for the National Bureau of Standards. Industrial processes are moving into higher temperature and pressure ranges. So we are now placing special emphasis on providing more complete and accurate calibration of industry's measuring instruments that control the ever-increasing reliability demands of the Space Age.

In addition to charting for ships and planes, our Coast and Geodetic Survey this year will play a paramount role in oceanography. Before long, our research ship, the EXPLORER, will cruise off New York on a voyage to pry loose the secrets of Davy Jones' locker. By investigating the ocean depths, we hope to find ways to utilize marine flora for food; improve weather forecasting; exploit submarine oil and reclaim the wealth of precious mineral dust.

The largest single project of its kind in meteorology is our Weather Bureau's Hurricane Research Program. We've just converted a B-57 jet bomber into a "flying laboratory" for high altitude storm research with two other piston-engined aircraft to follow within weeks. They'll take weather observations once every second and are equipped with digital recorders that machine process the data at fastest possible speed.

Odd things are being discovered by our scientists. For example, they've identified a unique noise that precedes a tornado—a sort of built-in alarm like the warning of a rattlesnake.

We're engineering and building in conjunction with the states the Interstate Highway System, history's greatest public works project, which Bert Tallamy of your own New York is directing as Administrator of the Bureau of Public Roads. In the last three and a half years of the Eisenhower Administration, there has been completed more than 100,000 miles of various Federal-aid highway construction — some 5,800 miles of this total on the Interstate and about 3,400 miles of that open to traffic.

New York, the Empire State, is doing a remarkable highway job —certainly by far one of the best in the entire country. The whole highway program means healthy economic growth — that increases convenience and safety and opens new territory for recreation, industry and homes.

Our Maritime Administration plans to put into operation this year the N. S. SAVANNAH, the world's first nuclear-powered merchant ship. She will cruise eventually in New York waters, the forerunner of an entirely new type of commerce. We're constructing an experimental 60-knot ocean-going hydrofoil craft that will skim the waves—sort of like a flying fish—at three times the

All these Shares having been sold, this announcement appears as a matter of record only.

NEW ISSUE

150,000 Shares

Econ-O-Veyor Corporation

Common Stock

(Par Value 10¢ Per Share)

Price $1 per Share

Copies of the Offering Circular may be obtained only in such states where the securities may be legally offered.

PLYMOUTH SECURITIES CORPORATION

speed of ordinary craft. Through this and the development of "lift-on-lift-off" container ships and other improvements from our research, we hope new ways will be found for our merchant marine to successfully compete with low-cost foreign shipping.

Thus, we at Commerce are tapping the very latest wonders of the Technological Revolution to provide the private sector with new ideas, new processes and new forces.

Give free enterprise the freedom to accumulate capital. Give it the best of tools. Give it a government that encourages **real** progress and private competitive enterprise will develop such vigorous overall economic growth as will continue to lead all others and all history.

In conclusion: In confronting the hopes and hazards of this momentous decade, let us heed Abraham Lincoln. That tough-fibered generation **saved** the Union.

The hazard of our day is different. It is not depression or famine or plague or invasion or civil war. It is the ever-present threat of inflation.

Free enterprise has blessed us with record prosperity and all the resources essential to unmatched growth. And we have peace.

Shall we enter this decade's Promised Land of unprecedented abundance? Or, by our own folly, shall we utterly ruin the brightest prospect that ever beckoned mankind?

Let us be wise with Lincoln, who in his age of crisis thus challenged the brave:

". . . The dogmas of the quiet past," he said, "are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew, and act anew. We must disenthrall ourselves, and then we shall save our country."

*An address by Mr. Mueller before the Union League Club, New York City, Feb. 10, 1960.

Strei Sales Mgr. For First Calif.

SAN FRANCISCO, Calif. — William E. Strei, Vice-President and co-manager of the Oakland division of First California Co., has been promoted to general sales manager of the firm, it has been announced by A. M. Bleiler, Chairman of the Board. Mr. Strei will move to the headquarters office of First California at 300 Montgomery St.

William E. Strei

The new sales manager has been in the securities business for 30 years, during which time his duties have covered almost every phase of the investment industry. Since 1936, he has been engaged primarily in sales.

E. R. Oldendorph With Smith, Moore

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Edward R. Oldendorph has rejoined Smith, Moore & Co., 509 Olive St., members of the New York and Midwest Stock Exchanges. Mr. Oldendorph, who has been in the investment business for many years, has recently been with Yates, Heitner & Woods.

Merrill Lynch, Pierce, Fenner & Smith Inc. Gross And Net Rise

This international investment firm, reached new records in both gross income and net profits in the fiscal year ended Dec. 25,

Winthrop H. Smith Michael W. McCarthy

1959, it was reported on Feb. 18 by Winthrop H. Smith, Board Chairman, and Michael W. McCarthy, President.

Gross revenues rose about one-third to $136,080,000 while net profits rose to $17,102,000 or 12.5% of gross. Merrill Lynch, changed from a partnership to a corporation effective Jan. 12, 1959 and the net profit figure is not strictly comparable with previous years.

Latest profits are equal to $5.02 a capital share. The company is a privately-owned corporation and all outstanding stock is held by 159 stockholders including the Charles E. Merrill Trust which holds a 10% interest for the benefit of educational, charitable and religious institutions.

Total assets of the corporation were listed at $646,298,000 and capital funds totaled $61,351,000. Both are record figures.

During the year the firm increased the speed of its 113,000-mile private wire system one-third to 100 words a minute; it added facsimile transmission to the floor of the New York Stock Exchange; it expanded facilities on the floor of the Exchange by 50%.

Messrs. Smith and McCarthy said five new offices are in the blueprint stage, including Montreal and Hong Kong. By 1963 the firm expects to open 20 new offices.

The firm added 43 new stockholders during the year. The company's annual report stated: "In the same sense that we believe in a broader base of stockholders for all America so do we believe in a broader ownership of our own corporation.

Customers' Brokers to Hold Research Meeting

The Association of Customers' Brokers will hold an educational meeting on February 25th at 15 William Street. Monte J. Gordon, Bache & Co., Charles McGoldrick, Walston & Co., Inc., and Harold Hahn, Shearson, Hammill & Co., will talk on "How to Use Securities Research More Effectively."

Parker, Ford Branch

EL PASO, Tex.—Parker, Ford & Company, Inc. is opening a branch office in the First National Building under the management of Allison R. Pierce.

The firm's private wire system connects the new office with the main office in Dallas and other Texas branches.

Rohrbaugh Partner

WASHINGTON, D. C. — Stephen G. Barchet has been admitted to general partnership with Austin B. Rohrbaugh in Rohrbaugh and Company, Union Trust Building.

Wall Street Influence and Neglected London Shares

By Paul Einzig

Failure of American investors to spread their investments in British shares over a rewardingly wider, neglected area is reproved by Dr. Einzig. He notes the American concentration in but a half dozen equities on Throgmorton Street, and finds that Wall Street has a sympathetically psychological influence way out of proportion to its relative importance and at variance with the favorable British economic outlook following the railroad strike settlement.

LONDON, Eng. — The events of the week that followed the settlement of the British railroad dispute have provided conclusive evidence to show the extent to which Wall Street influences the trend on the London Stock Exchange. For some time during 1959 that influence seemed to have declined. But in February, 1960, it seems to be as strong as ever.

The possibility of a railroad strike in Britain had been for some time a major obstacle to the progress of the rise in equities on the London Stock Exchange. Such a strike, if prolonged, would inevitably have reduced the earnings of most industrial firms, and fears of a major disorganization of the country's economy held back many investors from buying, even though relatively high yields were still obtainable on some first-rate equities. There were, moreover, fears of another major strike, in the engineering industry, over the demand for shorter hours.

All these fears have now been removed. The National Union of Railwaymen and the Amalgamated Engineering Unions have accepted the terms offered to them, and, even though all is not yet settled in these and other major industries, it is now possible for industries and for investors to make their plans without having to reckon with the likelihood of major strikes. This should make all the difference to the capital expenditure plans of industrial firms, and should also affect consumer demand. The Stock Exchange had therefore every reason for viewing equities with optimism.

Reproves Undue Wall Street Influence

In spite of this, after a very moderate recovery following on the settlement of the industrial disputes, equities developed a distinct downward trend during the second half of February. In some quarters this was largely attributed to the pessimistic pronouncement made by the Governor of the Bank of England, Mr. Cobbold. But he merely repeated the warning he uttered on a recent occasion, a warning which had failed to prevent a further rise in equities.

The real reason for the weakness on the London Stock Exchange was the weakness in Wall Street and the development of pessimism over business prospects in the United States. Day after day equities in London opened in accordance with the Wall Street trend at the closing of markets on the previous day. And since Wall Street experienced a series of declines there was a corresponding downward movement in London. To some extent the ups and downs of American demand for the half dozen British equities favored by American investors may account for the influence of Wall Street in Throgmorton Street. They are all important equities, and their decline in sympathy with a fall in Wall Street has psychological influence out of proportion to their relative importance.

Not Easy to Account For Decline

Even allowing for this it is not easy to account for the extent to which the London Stock Exchange responded to the moods of Wall Street on this occasion. For British business prospects following on the reduction of the danger of major strikes are distinctly favorable. Consumer demand is still forging ahead and will receive additional stimulus from the wage increases. All indications point towards a considerable expansion of capital expenditure by industries. In spite of all disarmament talk public expenditure on arms continues to increase. The cost of living index remains steady; in fact during January there was a slight decline, so that there is no urgent need for the adoption of disinflationary measures to check unwanted expansion.

Even the wage increases, and the shorter hours which in practice mean higher wage payments for the same work, can not be said to endanger at present the progress of British industries. For there seems to be a more or less corresponding upward trend in costs in Britain's two principal industrial rivals, the United States and Western Germany. So higher costs resulting from the settlement of wage claims need not affect the British balance of payments in the foreseeable future. It would of course be different if either the United States or Germany resorted to drastic disinflationary action. That would force the hand of the British authorities if it affected the British balance of payments. But in January, British exports attained a record figure, so that there seems to be no cause for worry from that direction for some time to come.

Invites Wider Investment Spread

Yet British equities declined in response to the decline in Wall Street. British investors and speculators feel that any substantial decline in Wall Street would affect American demand for British goods and might necessitate disinflationary measures to protect the effect of a decline of dollar exports on sterling. Also, if yields in the United States should rise materially many American holders of British equities might decide to switch back into American equities. The British equities in which they are interested are in fact more sensitive than the average first-class equities, and fluctuate within wider range. It seems a pity that American demand specializes in such a narrow range of British equities. One cannot help feeling that if only American investors were to spread their interest over a wide field by reactivating some neglected sections of the London Stock Exchange where yields of between 4% and 4½% are still obtainable on equities of first-rate firms, it would make for greater stability of equities in general.

Burnham & Co. to Admit Dan. Cowin

Burnhan and Company, 15 Broad Street, New York City, members of the New York Stock Exchange, on March 3rd will admit Daniel Cowin to partnership.

New Hogle Branch

DEL MAR, Calif. — J. A. Hogle & Co. has opened a branch office at 243 Twelfth Street, with Donald G. Cole as partner in charge. Laurie A. Morine is associated with the new office as associate manager.

This advertisement is not an offer to sell or the solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

NEW ISSUE February 23, 1960

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MUTUAL FUNDS

BY ROBERT E. RICH

Hands Across the Sea

Americans are fond of reciting an old cliche: "**This** is the land of opportunity." It usually is stated in such a way that the listener is left in no doubt that this is the **only** land of opportunity.

Investors, more inclined toward profit opportunities than sophomoric chauvinism, have been showing a growing awareness of the developing economies beyond our borders. These have not always had happy results, for while they were correct in assessing the faster postwar growth of Canada, selecting the ideal profit mediums often proved elusive—and sometimes downright disastrous. Others, equally aware of the salubrious investment climate in neighboring Canada, acquired a beneficial strike through mutual funds.

That leaves the very substantial numbers among this country's 13 million stockholders who recognize the economic growth that has been taking place in Canada and other foreign countries, but who have failed to acquire any interest because they felt that they didn't know enough about the individual situations. Usually, they limited themselves to holding stocks in American-based companies that had sizable interests abroad.

A big job confronts investment management in acquainting the American investor with foreign developments. There are a score of Canadian funds well known to our investors, but less well known are the burgeoning opportunities that are being exploited by our investment leaders in Mexico, on the African continent and in Western Europe. And we expect a good deal will be heard from Japan in the years to come.

Last June Eurofund, Inc., a closed-end investment company concentrating investment primarily in the European Common Market area, began operations. Original capital was raised through sale of 1,050,000 shares of stock at $20 a share. Now Eurofund reports that from June to the end of 1959 its net asset value per share rose to $19.85 from $18.04. Total assets at the end of December amounted to $20,844,742, up from $18,944,336 when the company started investing.

Since most European companies do not pay dividends as often as American firms and the dividend period usually falls in the first six months of the year, Eurofund did not receive dividends from most of its Continental holdings until 1960. Likewise, no long-term capital gains were realized in 1959, since Eurofund in most cases did not hold its securities for the required six-month period. Eurofund's holdings of European common stocks accounted for nearly 80% of the market value of its portfolio at the end of 1959.

This is, in no sense, a brief for Eurofund. It is used merely to make a point: investment management has a major stake acquainting the public with new opportunities abroad.

Another example is the open-end Oppenheimer Fund, which also got started last year. At the close of 1959 the portfolio showed such jaw-breakers as Rheinisch-Westfalisches Elektrizitatswerk, Farbenfabriken Bayer, Farbwerke Hoechst and others too painful to inflict on an American printer. Total foreign stocks were around $800,000, compared with $2,900,000 in domestic issues.

The Eurofunds and the Oppenheimers (short positions are taken too) are a kind of avant garde. Barring an unforeseen upheaval in the foreign situation, we shall be hearing a great deal more of foreign - oriented funds. The American investor may fancy he can manage a portfolio of domestic stocks as well as the professional, but not even the sophisticated can keep abreast of overseas opportunities. This is a full-time job for the professional.

Max E. Oppenheimer, president of the fund that bears his name, sums it up for us this way: "The growing desire to hack down international trade barriers has resulted in a marked buildup of world commerce. This has given a great stimulus to European economies, which in many cases are expanding faster than our own. Our foreign holdings are heavily weighted towards a continuance of West European economic growth."

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WALTER L. MORGAN
President

The Funds Report

Delaware Fund reports it has taken new common stock positions in Sterling Drug, Rexall Drug, Timken Roller Bearing, Philco and Korvette.

* * *

Distributors Group, Inc., national sponsor and investment advisor of Group Securities, Inc. ($170 million mutual fund) reports 1959 earnings of $252,555, against $215,000 in 1958. The report noted that Group Securities ended 1959 with assets of $170,829,341, compared with $152,021,034 at the close of 1958.

* * *

Minneapolis Associates, Inc., manager of Minnesota Fund, Inc. and Imperial Fund, Inc., has introduced The College Plan Club, an investment-type program featuring monthly payments within reach of the average-income family. Designed to help families accumulate funds for their children's education, membership can be attained with an initial investment of as little as $100, followed by regular payments of $25 a month.

* * *

The initial offering of common shares of **Samson Convertible Securities and Capital Fund, Inc.**, only mutual fund specializing in investments in the field of convertible securities, has been made by Samson Associates, which acts as investment advisor and general distributor for the open-end non-diversified investment company.

* * *

Marriage of a mutual fund to real estate syndication has been consummated with a new policy by **First Republic Corp.** First Republic offers not only the opportunity to invest in realty syndications but also permits investment of income derived from such operations in mutual funds. Under this arrangement, the investor may choose his mutual fund and the option of including insurance. First Republic now is completing a real estate syndication in the Waltham Engineering & Research Center at Waltham, Mass., a group of 17 interconnected industrial buildings in an 11½-acre industrial park.

• • •

Scudder, Stevens & Clark Fund, Inc., declared a quarterly distribution of 13 cents, payable March 4. The fund reports total net assets of $75,990,526 on Feb. 12, equal to $18.25 per share on 4,162,940 shares outstanding on that date. This compares with total net assets of $78,459,477 a year ago, equal to $19.34 per share on 4,056,712 shares then outstanding.

* * *

Scudder, Stevens & Clark Common Stock Fund, Inc. reports total net assets of $32,846,987 on Feb. 15, compared with $26,334,325 a year ago. Per share net asset value is $9.11 on 3,604,941 outstanding shares, compared with $9.22 per share on 2,855,912 share outstanding at that time.

Hoogs V.-P. of Hugh W. Long Co.

PORTLAND, Ore. — James W. Hoogs Jr. of Portland, Ore., has been elected a Regional Vice-President of Hugh W. Long & Company, Elizabeth, N.J. He represents the company in the Northwestern states, where he has served as regional representative since 1957.


James W. Hoogs, Jr.

Mr. Hoogs was associated with Camp & Co., Portland investment firm before joining the Long Co. Assets of the mutual funds under the sponsorship of Hugh W. Long & Co. are currently in excess of $750 million. The funds are: Fundamental Investors, Inc.; Diversified Investment Fund, Inc. and Diversified Growth Stock Fund, Inc.

Municipal Forum Defers Luncheon

The luncheon meeting of The Municipal Forum of New York scheduled to be held Friday, Feb. 26 at the Downtown Athletic Club has been postponed, due to the illness of Governor Foster Furcolo of Massachusetts, who was to have been the principal speaker. A new date for the luncheon will be announced later.

Coast Exchange Member

Warren H. Berl, Chairman of the Board of the San Francisco Division of the Pacific Coast Stock Exchange, has announced the election of Daniel J. Cullen to membership in the Exchange.

Mr. Cullen is Senior Vice-President of Walston & Co. Inc.

Connecticut Brevities

The Directors of **The Fafnir Bearing Company** of New Britain recently declared a quarterly dividend of 50¢ a share payable March 15 to stockholders of record February 16. The March payment establishes the annual dividend rate of $2.00 per share compared to $1.75 paid in 1959. The company pointed out that over the past five years the dividend payout had averaged less than what the company considered normal. Fafnir had substantial capital outlays for expansion of plant facilities during that period, all of which were financed out of retained earnings.

* * *

The Connecticut Light & Power Company recently sold $25 million 4⅞s First Mortgage Bonds. The net proceeds from the sale will be added to the company's general funds and used to repay outstanding bank loans, to finance part of the company's 1960 construction program and for other corporate purposes. Connecticut Light & Power is budgeting approximately $32 million for construction in 1960 of which $29 million will be in the company's electric department.

* * *

Directors of **City Trust Company of Bridgeport Connecticut** recently declared a 40¢ dividend payable March 1 to stockholders of record February 11. The new dividend rate represents a 5¢ increase over the previous rate.

* * *

Stockholders of **Hartford Fire Insurance Company** meet March 3 to vote on a proposal to split the stock 2-for-1 and to pay a 100% stock dividend. This would result in replacing each present $10 par share with four $5 par shares, to effect a 4-for-1 split. Directors anticipate an annual dividend rate of $1.10 per share after the capital changes. This represents an increase over the present rate of $3.00 per share.

Exclusive North American rights to a new electron beam process developed by the Carl Zeiss Foundation of West Germany for machining or welding the hardest materials have been acquired by Hamilton Standard, a division of **United Aircraft Corp.**, Windsor Locks.

The new process and its equipment, known as the Hamilton-Zeiss electron beam machine, can perform operations on the hardest materials or metals. It can surface treat, melt, weld or drill through virtually every material known to man including tungsten and the new metals used in the manufacture of many space-age products.

* * *

The **Belding Heminway Company** of Putnam is moving research and development facilities, as well as its textile and chemical laboratory, from the Putnam plant to a 10,000-square-foot area in the firm's Grosvenordale plant. The move, which will be completed by mid-1960, will involve an expenditure of approximately $100,000. The company produces sewing thread under the Corticelli brand name at both the Putnam and Grosvenordale plants. The Grosvenordale building also houses a subsidiary, the Belding Corticelli Industries, Inc., manufacturer of a line of resins and chemicals and type 8 nylon under a duPont license.

* * *

Stockholders of **Aetna Casualty and Surety Company**, Hartford, on February 24 considered a proposal to change the capital stock from 1,400,000 $10 par shares to 3,500,000 $5 par shares to effect a 2-for-1 split and provide for a 25% stock dividend, on March 1 to holders of record February 24. The company plans on a new quarterly dividend of 30 cents a share on the new stock, which represents a 25 cent increase over the present rate.


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THE MARKET . . . AND YOU

BY WALLACE STREETE

The market had its technical rally and then lapsed back into the familiar irregularity that has characterized most of 1960. Thus the question of where support was to be found on the bottom, or a resistance level of significance on the upside, was wide open again.

After some 80 points had been sheared from the industrial average, the initial rebound of some 23 points was decidedly moderate when a one-half correction is considered something of a norm.

The burden of proof was still up to the bulls consequently since, while the rebound did find three advancing sessions put together for the first time this year, selling squalls have gone on for as many as half a dozen sessions in a row since the new year dawned. The surface indication is that the easier course up to here has been downhill.

With all the skepticism around, the market followers who swing from black to white overnight were noticeably cautious. From the technicians came tentative suggestions that short-term indicators had swung to favorable but no great elation over the intermediate and long-term indications.

Averages vs. Individual Stocks

And, as usual when averages are at peaks, or making new lows, a lot of discussion was devoted to how individual stocks fare despite the standings of the averages in an attempt to debunk the story of the "market" that the averages seem to tell.

One of the more interesting of such endeavors was a tabulation showing that, with the industrial average at 524 in 1956, its high for that period, Union Carbide was selling at 133⅜. The September 1959, low of 613 found the same shares valued at 132¼. And at the recovery high of mid-February, the price tag was again 132¼. So for this issue at least, the swing of the average over a 100-point range from 1956 to the mid-February reading was meaningless.

For the general market there has been much talk of a switch from low 1 to 3% yields to the 5% available in bonds. Yet at the same time the list is replete with items offering 5½% or better but the yield in these cases is seldom spoken of as being attractive despite the merits of the particular company involved.

High Yields Ignored

Burlington Industries in the long-depressed textiles — which have on occasion shown some mild demand recently—is one that offers better than 5½% despite its position as the largest and most diversified giant in the textile field and its projected merger with James Lees & Sons, second largest carpet firm in the country. It has been selling at less than its book value even in the face of prospects for a better dividend payout in the near future as earnings approach three times the present dividend commitment.

Pullman in the railroad equipment field is another offering more than 5½% in a company that has paid dividends for nearly a century without a break. Where the romance of trailers that can be shifted from highway to rail to ocean transportation at least keeps Fruehauf in the volume spotlight, Pullman's similar work in this field is largely ignored and its recent proposal to split the stock 2-for-1, which might spur dynamic action elsewhere, was greeted calmly.

Rails themselves have not been in any sustained demand for many months with the result that a quality issue like Louisville & Nashville at times is available at a 7% yield which certainly could compete with the yield offered by bonds, yet the issue straggles through a session with only a handful of trades. The line had troubles first with the recession and then with strikes, the coal strike as well as the steel one, but was able to cover its dividend. And prospects are bright for a sharp earnings rebound. The road has made visible progress in cutting its expenses which heightens its 1960 earnings potential.

Steel Shares Friendless

What interest there was in steels was minor and, again, notwithstanding high yields. Continental Steel, which operated throughout the steel strike to post new records in sales and earnings, offers a yield of 5½%, a price-earnings ratio of less than eight times and is more than 12% under its peak. Here, too, a stock split proposal gave the shares a momentary flurry, but the play soon died out when all the pessimism started swirling about the larger steel companies and the possible declines in the overall operating rate once the pipelines are full again.

The giant of them all, U. S. Steel, has made an impressive record in the postwar era as a money-maker despite the fact that the steel industry is supposed to be an ultra-cyclical one. In fact, the copper and aluminum industries have been far more cyclical than the steels generally. U. S. Steel is in line for a sharp earnings rebound this year from last year's strike-bothered period, also is a candidate for a liberalized dividend and possibly a stock split. Yet when there is selling around, it, too, made the lists of new lows which is not the way to hail a bright outlook.

What Price Diversification?

Like the railroad equipment shares, the automotive parts companies are not overly in investment favor. They were indirectly hurt by slower-than-anticipated auto sales in the wintry period when sales normally are at their low ebb. There was widespread pessimism over the ability of the auto makers even to reach their goal of 6½ million cars for the model year. And even Borg Warner was a mundane item in the auto parts group although two thirds of its sales now come from other than auto business. Last year, despite the troubles of the auto makers, Borg Warner was able to boost sales a fifth to a record and nearly double earnings.

Borg Warner's non-automotive activities are diversified, ranging from plastics and chemical production to participation in electronic projects, building equipment production and air conditioning, a wide variety of activities. The outlook for this year is bright and the only question of the improvement in its profits for 1960 is whether or not they will exceed the 1955 record peak of $5.17. And this also makes it a candidate for a better dividend payout, at least returning to the $2.40 rate that was dropped to $2 in 1958. Even at the present payout, its yield is an above-average 4½%.

Ford's Outlook

Despite the clouds over the 1960 prospects for the auto makers, Ford Motor is generally given a good chance to boost earnings moderately this year over last year's results which nearly quadrupled the depressed total reported in 1958. Ford seems to have made a solid hit in the compact car field and the projection of only a modest increase this year is recognition of the emphasis on lower-priced cars. But such a result would certainly not be an unfavorable one although the stock lately has dropped a dozen points under its high even though its dividend is a candidate for either improvement or could be larded with a year-end extra again. The stock is also something of a split candidate although few see such action imminent.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Chicago Trade Bd. Names Officers

The following officers, directors and committee members have been elected by the Board of Trade for the City of Chicago for 1960:

Chairman of the Board: Clarence Rowland, Jr.

Vice-Chairman of the Board: James P. Reichmann.

Second Vice-Chairman of the Board: William G. Catron, Jr.

Directors: (three-year terms) William D. Fleming, John L. Georgas, Alfred H. Gruetzmacher, Ben Raskin, and Gardiner B. Van Ness, Jr.; (one year) Maynard F. Gamber.

Nominating Committee: William E. Casselman and Adam J. Riffel.

Committee of Appeals: (two years) Earl M. Combs, III, Amos H. Flint, Jr., William F. Mitty, Jr., Orville O'Neill, and Donald J. Powers; (one year) William E. Ferguson.

Committee of Abitration: Raymond A. Comenzo, Sidney C. Hamper, Thomas E. Herr, Edmund J. O'Connor, and Clarence W. Swaby.

Merrill Lynch To Install New Elec. Computer

Merrill Lynch, Pierce, Fenner & Smith Inc. has announced plans to process trades received from branches in 116 cities around the world through the most powerful computer in New York's financial district.

Michael W. McCarthy, President, reported his company has placed the financial industry's first order for an IBM 7080 electronic data processing system. The machine, the newest and most powerful business computer manufactured by International Business Machines Corporation, will be installed within 24 months in Merrill Lynch's Data Processing Center at 70 Pine Street.

It will be supplemented at Merrill Lynch by six transistorized IBM 1401 systems, which will use magnetic tapes prepared by the larger machine for high speed printing of documents.

In addition to speeding day-by-day transaction accounting, the IBM 7080 will provide increased management data for Merrill Lynch. It is planned that more timely monthly profit and loss reports and more comprehensive statistical analyses will be developed. The new system also will open the way to more advanced financial research than ever has been undertaken.

P. W. Brooks Co. Names Foot Officer

At its regular meeting Feb. 17, 1960, the board of directors of P. W. Brooks & Co. Incorporated, 120 Broadway, New York City, appointed Albert W. Foot, director of research, as Assistant Vice-President.

Form Adrienne Inv.

SILVER SPRING, Md.—Adrienne Investment Corp. has been formed with offices at 11236 Georgia Avenue to engage in a securities business. Officers are Robert Symonds, president; Allan Mendelson, treasurer; and Morton Lifshutz, secretary.

Form Corporate Securities

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — Corporate Securities, Inc. has been formed with offices in the Builders Exchange to engage in a securities business.

This announcement is neither an offer to sell, nor a solicitation of an offer to buy any of these securities. The offer is made only by the Offering Circular.

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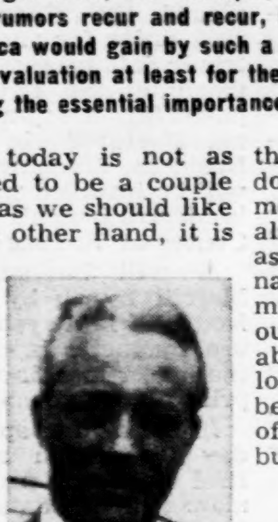
February 19, 1960

Our United States Dollar: Its Present and Future

By Stefan Jean Rundt,* S. J. Rundt & Associates, New York City

Consultant on international business analyzes the present world status of our dollar and its future. Concerned about what has happened to our "once almighty dollar," yet disagreeing that it is as weak as the pessimists would have it, Mr. Rundt describes his findings as to the dollar's strength and its weakness, and submits a seven-point program as to what can be done to restore it to its former prestige. Thus, for example, the writer queries why gold devaluation rumors recur and recur, states why U.S.S.R. and Union of South Africa would gain by such a move, and sees no prospect of any dollar devaluation at least for the next year or so. Concludes by stressing the essential importance of preserving our dollar.



S. J. Rundt

Our greenback today is not as mighty as it used to be a couple of years ago, or as we should like it to be. On the other hand, it is not as weak as the pessimists would make us believe. As so often, the truth is somewhere between the two extreme views. This must be stressed, because there are few subjects I can think of on which in recent months so much wisdom and so much superficial nonsense has burst forth in print, as has our Dollar.

Our United States Dollar is now and in the future will be exactly as strong or as weak, as universally respected or widely ill reputed, as we make it. Its fate is exclusively in our hands. That is the big difference between our greenback and the many other currencies which off and on or continually are looked upon with various doubts by international finance throughout the world. Other countries often are incapable to straighten out their monetary, fiscal and external payments troubles, because of socio-political considerations, or dependence upon monocultures, or their still inadequately diversified, only partially viable economies. But we here are fully able to do so—provided we know what has to be done, and provided we act accordingly. And by "we," I refer to our monetary managers in the Executive Branch of our Government, the U. S. Congress, and the people of this Nation at Large, especially its international business and banking community.

For some time, until quite recently, our once almighty dollar has been below parity on the spot market and at a discount for futures. Presently, it is again harder, but chiefly because it is propped by foreign short-term investments here and by "hot money," attracted by our high interest rates. While ours is intrinsically a solid and powerful currency, foreign claims against our yellow precious metal holdings today exceed our total gold assets. We no longer can give our greenback the mandatory 25% gold coverage and, at the same time, satisfy all foreign claims.

One could say that our dollar is improperly managed, to avoid saying that it is mismanaged. In fact, we surely would make such a statement if we were to discuss the monetary unit of a country other than our own. The time has come for us to live up to the preachments which we so generously dispense to others. What is good for, say, Argentina or the Philippines, is also good for us.

That the dollar has lost some of its lustre because the European currencies have become externally convertible, i.e., gained substantially in strength, is only part of the story. It is, of course, true that the relative position of the dollar suffered somewhat as other monetary units firmed. But it is also a fact that serious bankers as well as speculators in the financial centers overseas look with misgivings at the deterioration of our external balances, at the inability of our Treasury to float long-term bonds, upon the gap between the outlays and receipts of Uncle Sam, i.e., Washington's budgetary imbalances.

Examines Dollar's Strength

Let us first examine the undoubted points of strength of our dollar.

(1) The dollar is a classical unit, in age and tradition, among the oldest in continuous public use, going back to the days of the Netherlands Company in the early 17th Century.

(2) As far as parity is concerned, it is the most stable unit of all, whose last official devaluation (i. e. alteration in relationship to gold) took place more than a quarter century ago.

(3) The dollar is the monetary measure of the most potent economy of all times, of the most powerful body economic ever, of a nation unrivalled through the ages and for years to come in its development of concrete values and wealth in every form, in capacity for production in almost every field, in man-hour productivity, in dynamic free enterprise energies, and in a unique consumer demand, which is satisfied by the most colossal distribution system yet devised and backed by the hugest financing forces ever accumulated.

(4) The dollar is also the legal tender of the world's historically foremost creditor nation.

(5) For at least the past 15 years, the dollar has been the foremost accounting unit in international business and finance, governmental and private, although sterling remains the Number One Trading Coin.

(6) By many nations, the dollar is equated to gold. Until recently this was universal and without mixed feelings. Today, some of the Central Banks of major countries quietly sell dollars off and on, preferring precious metal.

(7) Although the dollar has lost 53% of its purchasing power at home during the past 25 years, shrinkage represents a record still a good deal better than that of most other currencies in their areas. A notable exception here is the Swiss Franc, which suffered a debasement on its homeground barely two-thirds of the erosion of our dollar.

(8) Abroad, the dollar has stood up better than most other moneys, when one takes a long look into the past. In its more than eight score years as U. S. public tender, it has been officially devalued only three times. The only other currency which can boast of a comparable record is the British pound.

(9) In international transactions, our dollar is undoubtedly among the freest monetary units. It is fully transferable and almost unfettered by U. S. restrictions. In the exact sense of the word, it is, however, not as completely convertible as the Swiss franc or the deutsche mark. Although foreign governments may at all times turn it into gold upon demand, a private foreign individual has no such recourse directly. And private U. S. citizens and corporate entities resident in any of our 50 states and in U. S. possessions, cannot legally own monetary yellow precious metal in any territory under the Stars and Stripes, nor may they bring in or take out from this country monetary gold, except on numismatic grounds.

These 9 points outline the fundamental strength of our greenback. Where are the **present weaknesses?**

Dollar's Present Weaknesses

(1) In the nine years 1950 to 1958, which do not include the immediate post-war period of exceptional shortages abroad, Uncle Sam piled up a **trade** surplus in purely commercial goods' exchanges of $26.7 billion. At the same time, our current account surplus (also excluding military outlays abroad) came to $40 billion. Yet, in this period we lost $5.1 billion in gold!

(2) 1950-1958, private net capital outflow from our shores totaled $15.8 billion, but, much more important and of greater impact, official U. S. Government net expenditures and transfers (i. e. all sorts of "military" grants and economic assistance) aggregated a fantastic $65.4 billion.

(3) And this trend became worse in the immediate past. 1957-1958, our commercial trade surplus came to a most gratifying $9.3 billion and our current account surplus to a huge $13.5 billion. But private net capital outflow came to a $6.2 billion and the drain from the taxpayers' till to a not very amusing $15.8 billion. And in 21 months we lost $3.4 billion in gold.

(4) The private funds which go abroad are for the most part productive by any standard. This cannot very well be said of all our official foreign aid schemes. Moreover, Uncle Sam is penalizing capital that would go abroad, at a greater risk than at home, thus causing our finest companies to hunt from Liberia to Liechtenstein and from Luxembourg to Nassau for tax sanctuaries and holding setups, simply to escape the U. S. tax collector. Our Treasury receives a mere trickle in income from American operations abroad, because it does, in effect, all that could be done to keep American companies from repatriating foreign earnings.

(5) Some of our carefully camouflaged official spending abroad cannot very well be justified on economic, political or military grounds. We have made Laos a "net explorer of Cadillacs." In many countries we are either over-spending or we have over-extended ourselves, or both.

(6) Gold Assets officially in this country come to about $19.2 billion—which is just what the foreign claims against us amount to. We need about $11.7 billion to give our greenback its statutory cover, but no longer could do so in the most unlikely event that there would be a run on the dollar. Suggestions that at this time of relative dollar weakness we blithely give up the principle of mandatory gold coverage, seem to forget that, were we to do so, you could buy a dollar in Amsterdam or Zurich at 70 cents or less. Let us see clearly that a currency is always as good as others see it, not necessarily as it is in objective terms or as its owner believes it should be.

(7) Loose talk of an up-grading of the gold price, i.e., of a *de facto* dollar devaluation continues to make the rounds, here and abroad, with varying intensity and noise. It is most unlikely that the dollar will be devalued or that gold will be revalued upward, at least in the next year or so. Only the two major gold producer nations would be the gainers: the USSR and the Union of South Africa. The minute the dollar would go down, most if not all other currencies would follow. But why are we in a position where such rumors recur and recur, where the stability of our dollar is so widely and so persistently doubted, off and on?

(8) The U. S. balance of payments deficit in 1958 came to $3.4 billion and in 1959 to about $4 billion. In 1960 it will hardly be below $2.5 billion, but may be much higher. What do we say of and to nations in a similar fix?

(9) Our last budgetary deficit reached $12 billion and the end is hardly in sight. A new peacetime record budget of $81 billion seems to be on the agenda.

(10) Uncle Sam is a short-term debtor abroad **to the extent** of "only" some $18 billion, but a long-term creditor of some $45 billion. How long can these two figures "grow apart?"

(11) Our Federal debt is at times beyond the $290 billion mark. Our Treasury has a tough time with its bonds. The financiers of the world have a deep-seated skepticism toward a country that is unable or unwilling to face up to the facts of its fiscal responsibilities, especially its duty to fund, regardless of the cost, at least a substantial share of its short-term indebtedness when the need arises.

(12) Not only do we subsidize other nations, sometimes upon blackmail and with poor results, in a fashion where a few fat cats in these countries reap all the benefits while the populations at large know little or nothing of our bounty — we also prop our farmers to the tune of about $3 billion a year, so that some of them can comfortably retire in Florida. At the same time, we are engaged in a huge dumping operation, called P. L. 480. How far will we permit the continuation of primacy of political expediency over healthy economics? What do we tell countries which act as we do?

Suggests Program of Action

What can be done?

(a) Above all, we must step up our exports. Exports are no longer a minor annex to our economy—they have become a national necessity. To build up our exports to the needed level, the top managements of our industries will have to give their foreign departments, export divisions or international affiliates a higher priority, a bigger role. Our unique standard of living could crumble and our growth suffer severely, in days to come, if we fail to export enough to pay for what we **must** import. We are not a Have-All nation. Other industrial countries will have to liberalize their quota restrictions. Moves in this direction are well under way. But they will also have to cut duties and some, such as Japan, will have to ease monetary curbs. A turn by us to protectionism would be disastrous. It would be hermaphrodite for the leader of the Free World, its chief proponent of internationalism in politics, to veer toward economic isolationism.

(b) Our foreign aid will have to be reduced to manageable proportions, and we will have to get a bigger bang out of the billions of bucks the American taxpayer spends abroad. A considerable tightening is needed in our administration of foreign aid. More businesslike accommodations and fewer free grants are suggested; more private investments and fewer governmental gifts. And there is no reason why we should not insist on a "Spend it Here" clause. This is nothing resembling the unlamented "Buy American" Act. Let the bleeding hearts and self - perpetuating spenders understand that we cannot give away the strength of our dollar; that the other trading nations of the world finance only their own exports and not those of everybody else. Moreover, let us shift from military to economic aid and stop labelling things by phony designations such as "military support" assistance. That the industrialized nations will have to help us more far-reachingly in aiding the developing countries, goes without saying. Here, too, some progress is being made. But the investments abroad by business and the governments of Germany, France and Japan could be greatly stepped up.

(c) Let U. S. Congress repeal the out-dated 4¼% interest ceiling on our government bonds, so that our Treasury can once again go into the long-term bond market.

(d) I believe that our system of taxing the international operations of U. S. business is completely fallacious. Even the Boggs Bill does not go far enough, although it probably represents at this moment the politically obtainable optimum. Veritable waves of revenues would be re-drawn to our shores, in the form of returning profits and repatriations, if our short-sighted tax provisions were revised.

(e) Our Federal budget will have to be balanced, if we want others to believe in our ability to keep a clean house. As things are, Big Government is among the major dangers to this nation. Mr. Jefferson's view that there should be the least of government for most of the people seems to be still valid. And let us slice where the biggest slices can be taken—some of our public expenditures abroad. That our Armed Services are not given to extraordinary economy in their various efforts, may perhaps be added in passing.

(f) Costly and ineffectual support schemes at home will have to be adjusted, as well as excessive outlays from the public till abroad.

(g) Automation and mechanization will have to bridge the present gap between costs and world market prices caused by the higher wages paid in this country. Industrial efficiency is no longer our monopoly. And we must lower our production costs to keep down home prices as well as quotations for export. More decisive government action is needed in the face of crippling strikes by unions demanding rewards detrimental to the nation. That some of our industries are guilty of oligopoly, must be admitted whenever the irresponsibilities of labor are mentioned.

On Balance

Our international business community, our Executive in Washington and the Gentlemen on the Hill, even though this is an election year, will have to pull together, if the United States dollar is to be restored to its deserved prestige. One cannot repeat it too often: A currency is as good as the world believes it to be. Our dollar merits a better place than it now holds, because it is the monetary unit of the foremost economy of our day and of all times, and because the defense of the dollar is essential in the interests of Free World economic and financial stability.

*An address by Mr. Rundt before the International Section of the New York Board of Trade, New York City, Jan. 28, 1960.

Titan Investment Co.

DENVER, Colo. — Titan Investment Co., Inc. has been formed with offices in the Centennial Building to engage in a securities business. Officers are Joseph W. Hicks, president; John G. Darden, vice-president; and Dominick F. McDermott, secretary - treasurer. Mr. Hicks was formerly head of J. W. Hicks & Co.

General Economic Outlook And Housing in 1960

Continued from page 9

replacement. A typical guess is that about 300,000 units a year are replaced because of obsolescence, catastrophe or such other causes as land clearance for highways and other projects. At first glance, this seems like an enormous figure. In perspective, however, it is tiny. Replacement of 300,000 units a year represents a replacement rate of less than six-tenths of one percent of our housing each year. At this snail's pace, it would take more than 180 years to replace our present housing stock. If the nation is not to be housed in dwellings that are, on the average, continually older and more decrepit, this replacement rate must be substantially increased.

The only conclusion I can come to is that even in our peak years, we have been underbuilding housing in relation to the nation's needs.

Because demand pressure remains great, the outlook for housing activity in the 1960s is excellent. Our own forecast of 1,240,000 public and privately financed non-farm units for 1960 is somewhat higher than the typical forecast now being presented by those who follow the industry closely, but we are inclined to feel that general prosperity and the increasing emphasis on conventionally financed housing will partially offset the declines that tight money will produce in the government-guaranteed sectors.

If interest rates ease a little, or other actions are taken by the Government, housing activity in 1961 could well improve. A slight business set-back would not produce a decline in housing, if recent history is any guide; the converse is more likely.

Prospects for increased population growth in the 1960s, of course, seem to insure a continually rising level of housing activity throughout the decade. The problem is whether we will build enough housing to meet our real needs.

Consumer Spending in 1960

Personal consumption expenditures account for almost two-thirds of the Gross National Product. Obviously, this subject can only be treated here with a very broad brush.

Personal consumption expenditures, both in real and dollar terms, reached a record high in the fourth quarter of 1959. On a seasonally adjusted annual rate basis, the fourth quarter total was $317 billion. This represented a rise of 10% over the pre-recession peak in the third quarter of 1957, and a rise of 75% in the past 10 years.

These increases are partly attributable to population growth, and partly due to inflated prices. If personal consumption expenditures are measured per capita, and in dollars of constant purchasing power, to take care of these two effects, we find that living standards, as represented by consumer spending, have made a much smaller, but none the less genuine, gain. On this basis, according to the figures presented in the Report of the President's Council of Economic Advisers, real personal consumption expenditures, per capita, have increased somewhat less than 3% since the pre-recession peak in 1957, and about 19% in the past 10 years.

There seems to be no doubt at all that personal consumption expenditures will increase during 1960. Typical estimates for the year range around $330 billion. To reach this figure would imply an annual rate in the fourth quarter of 1960 of as much as $340 billion. Allowing for population growth of 3 million, and price increases of 2% (probably a high estimate) this would represent a very satisfactory increase in living standard (personal consumption expenditures in constant dollars per capita) of about 3% during the one year.

Consumer spending patterns have undergone sharp changes in the past decade. Percentage increases in the dollar amounts spent for major categories in 1959, as compared with 1949, are as follows:

		%
Services	up	101
Durable goods	up	75
Non-durable goods	up	53

Estimated Dollar Volume of Construction Contracts

(48 states; figures in millions of dollars)

Classification	Year 1959	Year 1960 Estimate	*Percentage Change
Nonresidential	11,387	12,185	+ 7
Residential	17,150	15,780	— 8
Total Building	28,537	27,965	— 2
Public Works and Utilities	7,732	7,885	+ 2
Total Construction	36,269	35,850	— 1
Private Ownership	25,201	24,780	— 2
Public Ownership	11,068	11,070	0
Dodge Index (1947-49 = 100)	265	262	— 1

Estimated Physical Volume of Building Contracts

(48 states; figures in millions of sq. ft.)

Building Classification	Year 1959	Year 1960 Estimate	*Percentage Change
Commercial	281	298	+ 6
Manufacturing	158	190	+20
Educational and Science	181	185	+ 2
Hospitals and Institutions	38	39	+ 3
Public	34	35	+ 3
Religious	54	57	+ 5
Social and Recreational	43	46	+ 7
Miscellaneous Nonresidential	35	35	0
Total Nonresidential	824	885	+ 7
Residential	1,512	1,360	—10
Total Building	2,337	2,245	— 4
New Nonfarm Dwelling Unit Starts (Census Bur. Basis)	1,376,900	1,240,000	—10

*Percentages rounded to nearest whole number. Estimates by Economics Staff, F. W. Dodge Corporation. Revised from earlier estimates on the basis of final figures for 1959.

There were even greater differentials among the individual items of these categories. Emphasis on housing and household operation, automobiles and gas and oil increased greatly, at the expense of furniture, food, clothing and transportation. Percentage changes between 1949 and 1959, in dollars, are as follows:

		%
Gasoline and oil	up	124
Housing	up	111
Household operation	up	111
Autos. and parts	up	83
Furniture	up	62
Transportation	up	54
Food	up	49
Clothing	up	44

Housing and household operation, having grown more rapidly than most other major spending segments, accounted for 18.8% of personal consumption expenditures in 1959, as compared with 15.3% in 1949. This relative growth simply represents a return of housing to the position it occupied in earlier years; the 1959 proportion of total spending which went into housing and household operation was still slightly less than in 1929.

A large proportion of consumer spending, as pointed out in various studies of the National Industrial Conference Board, is relatively fixed in amount, and not subject to rapid change. For example, the largest housing "expenditure" is purely theoretical concept, the "imputed rental value of owner-occupied dwellings." This is not an actual money payment made by homeowners, very few of whom have ever even heard of it. Yet this particular item accounts for more than a fifth of the "services" category of personal consumption expenditures.

It seems unlikely that any radical changes will occur in the overall pattern of consumer spending in 1960. All major categories should increase. The "imputed rent" item will continue to boost the services outlay, reflecting the addition to the nation's total housing stock made in 1959, and smaller, but still significant additions being made this year.

Spending for consumer durables should be stimulated by automobile sales. The auto industry is talking in terms of 6.5 to 7 million new car sales in 1960, although one automobile economist has noted that a seven million level of sales would require an expansion of $3 billion or more in auto installment credit, which might well be a limiting factor in a year of tight money.

Consumer spending on non-durables, while increasing, will probably show a smaller rise than other categories. This is in part the continuation of the long-term trend noted earlier, and in part will reflect the prospect of fairly stable food prices. Food accounts for nearly half of non-durable purchases, and there is a good possibility that food prices will remain level, or at least not rise as much as other consumer prices, during 1960. Spending for apparel and for gasoline and oil, the other major non-durables, should rise somewhat more than food in 1960.

Summary

We will almost certainly see new records set in 1960 by the principal economic indicators. The only major segment of the economy likely to decline is housing, and it is quite possible that the decline here will turn out to be less than is now generally expected. Consumer spending and business capital investment will be the principal factors in raising the economy above the 1959 levels. Capital investment is likely to go on increasing into 1961, and housing activity may also increase next year if money rates ease or if certain actions are taken by government. This would help to offset any tendency of the economy to turn downward next year.

*An address by Dr. Smith before the Joint Economic Committee, Congress of the United States, Washington, D. C., Feb. 1, 1960.

Wellington Opens Cleveland Office

CLEVELAND, Ohio — Joseph E. Canning has opened an office for Wellington Distributors, Inc. in Cleveland, it has been announced by Joseph E. Welch, President. Wellington Distributors is the wholesale distributing organization for shares of Wellington Fund and Wellington Equity Fund.

From his Cleveland headquarters — located at the Ten Ten Euclid Building — Mr. Canning will serve as regional representative for Ohio, Indiana and Kentucky, working with investment dealers and registered representatives in these states.

Associated with the Wellington organization since 1956. Mr. Canning was previously located in Chicago.

Form Unterweiser Corp.

LONG ISLAND CITY, N. Y. — Unterweiser Investors Corporation is conducting a securities business from offices at 32-22 Steinway Street. Officers are Emanuel Unterweiser, president; and Pauline Unterweiser, secretary-treasurer.

Now Planned Investments

The firm name of Harold Barsky Company, 10 West 33rd Street, New York City has been changed to Planned Investments Co.

New Merrill Lynch Vice Presidents

Merrill Lynch, Pierce, Fenner & Smith, Incorporated, 70 Pine St., New York City, members of the New York Stock Exchange, as of March 4, will appoint the following Vice-Presidents: Donald W. Evers (Stanford, Conn.); Seth M. Fitchet (Cleveland); Lawrence S. Fitzgerald (Cincinnati); F. Fletcher Garlock (Norfolk); Walter P. Honsberger (Oakland, Calif); Willard A. Johnson (Denver); Edward J. Killelea; Walter H. McKeag, Jr.; John A. Orb (Chicago); James H. Shelley (Greensboro, N. C.); Randolph E. Soranson (Phoenix); and Clyde W. Wright (Asheville, N. C.).

2 With Kennedy-Peterson

HARTFORD, Conn. — David C. Miller and James B. Conheady have become associated with Kennedy-Peterson, Inc., 75 Pearl St.

Chicago Analysts to Hear

CHICAGO, Ill.—Donald C. Power, General Telephone & Electronics Corporation, will be guest speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held Feb. 25 at the Midland Hotel.

Republic Securities Opens

PASADENA, Calif. — Republic Securities Co. has been formed with offices at 16 North Marengo Avenue to engage in a securities business. Officers are Bruce E. Thornton, president; William L. Sweek, secretary-treasurer; and Jack W. Guernsey, vice president and assistant secretary.

This advertisement is neither an offer to sell nor a solicitation of offers to buy any of these securities. The offering is made only by the Prospectus.

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2,000 Units Consisting of $2,000,000 6¾% Convertible Debentures Due 1969 (Initially convertible into shares of Common Stock at the rate of 600 Shares for $1,000 principal amount of Debentures) and an additional 250,000 Shares of Common Stock, 1¢ Par Value.

Price $1,001.25 Per Unit

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PUBLIC UTILITY SECURITIES

BY OWEN ELY

American Telephone & Telegraph Company

The recent advance in American Tel. & Tel., during a period of general market irregularity, has aroused new interest in the stock which has traditionally been one of the most stable in the list. This interest was sustained by several bullish reports by Stock Exchange firms and by the company's annual report when released about Feb. 16. The sharp increase in earnings on average shares, from $4.67 in 1958 to $5.22 in 1959, doubtless aroused some expectations that another dividend increase might be forthcoming this year.

Is AT&T becoming a "growth stock?" In the past there has been little indication of rapid growth similar to that of electric utilities such as Florida Power & Light and Texas Utilities. In 1950 there was a sudden spurt in earnings to $4.19 (adjusted for the 1959 split) but it took five years to establish a slightly higher level of $4.37, and in the two years following there were slight setbacks. However, in 1958 there was a gain of 8% and in 1959 nearly 12%. Moreover, the latter increase was accomplished with a comparatively small amount of rate increases—in fact the Federal Communications Commission insisted on a $50 million reduction of interstate long distance rates, most of which became effective last September.

While it is difficult to trace the reasons for the remarkable showing in 1959, there seem to be several contributory factors: (1) Presumably due to the increase in customer dialing, the number of employees per unit of output has declined sharply in recent years (since 1955, conversations have increased 23% while Bell System employees declined 5%); (2) There has been less dilution of earnings due to increase in the number of shares; while the latter continues to increase due to conversions of debentures and sales to employees, the average increase in shares outstanding in the past three years was only 4% compared with an average of 14% in the three previous years. The company has been able to finance a larger part of its construction expenditures from depreciation and retained earnings than was possible a few years ago; moreover, it has raised the equity ratio to about 66% which is close to its objective; (3) Many new operating developments reflect increased efficiency and help to offset the inflationary trend of wages, etc.

Salient points about 1959 operations are as follows: Some 3.3 million phones were added, a gain of 6%, bringing the total to 58 million. Long distance calls increased about 10% and transocean calls 15%. The System was 96% dial operated at the end of the year, and over one-quarter of the customers (nearly twice as many as a year ago) can now dial long distance directly. The System continued its development of a world-wide telephone cable system, competing with the world's cable telegraph system; calls are now easy to make and it is easy to talk and hear (in the past radio-telephone service has been somewhat undependable due to the effects of weather).

Much was also done to improve "hearability" on long distance and calls. The number of extension telephones in homes—many of them in color—increased 20% over 1958. Private line telephone, teletypewriter and data transmission services for industry and government showed marked growth.

Direct dialing to individual extensions in large offices (without going through a switchboard attendant) is being increased. The Bell System itself uses this in its headquarters at 195 Broadway, and the Pentagon and some other large customers have also adopted the system. For customers with private long distance telephone lines, a new system makes it possible for each telephone on the line to reach any other (up to about 80) with two pulls of the dial. Bell is also offering improved Speakerphone instruments for "hands free" conversation. The Call Director telephones introduced a year ago have been a great success; Bell is installing them by the thousands.

Data processing is becoming more important and "Data-Phone" service now enables computers to "talk to" other computers over the telephone system on a high speed basis. Connections are put through just as telephone calls are, and equipment provided by the telephone company converts the signals from the business machines into a form which can be sent over the telephone network. Even the largest high-speed computers can exchange information in this way.

In addition to carrying data over the regular telephone network, special "broadband" circuits are also used to send great quantities of data at high speeds. One such circuit today, for example, directly connects computer centers in different plants of a missile manufacturer; it will transmit as much information in 45 seconds as will be found in a 50,000-word book. There are also many military needs for transmitting data very fast.

Various kinds of Data-Phone service are now available, such as "teleticketing" used by airline ticket offices. Bell is working closely with makers of business machines to develop many other uses. Another development, which may go into commercial operation before the end of 1961, is called "line switching," for business customers who use large private line networks provided by the Bell System. Using parts of the regular central office switching equipment, this would interconnect the various points in the customer's network either through the nationwide Direct Distance Dialing system or over special long distance lines. It will provide speedy and also more reliable operation because of the many alternative paths available.

The use of microwave-radio systems for long distance communications continues to grow; these systems now provide about one-third of the 72,000,000 miles of long distance telephone circuits. On long distance routes "carrier terminals" are essential parts of electronic systems, and permit sending many conversations simultaneously. Bell laboratories are now designing new terminals that will occupy only one-third as much space, consume less power, give more reliable performance and cost less to maintain. Similiar economies are being effected in local service to improve efficiency. Electronic switching is still in its infancy—it will be tried out experimentally this year—but promises substantial economies some years ahead.

Even after its recent advance, American Telephone & Telegraph Company around 88 is selling at only about 16.8 times earnings—about the average ratio for electric utilities, both growth and non-growth.

The Comptroller of the State of New York

as agent of New York State Thruway Authority will sell at his office at Albany, New York, on

March 3, 1960, at 12 o'clock Noon

$50,000,000

NEW YORK STATE THRUWAY AUTHORITY STATE GUARANTEED THRUWAY BONDS
(Seventh Issue)

Principal and interest unconditionally guaranteed by the State of New York

Dated January 1, 1960, and due serially in various amounts from 1985 to 1995, both inclusive.

The Bonds will be subject to redemption by the Authority, prior to their respective maturities, as a whole or in part at any time on and after July 1, 1967, upon certain terms and conditions, including specified redemption prices.

Principal and semi-annual interest, January 1 and July 1, payable at the principal office of The Chase Manhattan Bank, New York.

Copies of the Act and Resolution authorizing the Bonds, Official Statement, Official Form of Proposal, Notice of Sale, and form of opinion of Attorney General will be furnished upon application to The Chase Manhattan Bank, Fiscal Agent, 43 Exchange Place, New York 15, New York.

ARTHUR LEVITT, State Comptroller, Albany 1, N. Y.

Dated: February 25, 1960

G. K. Shields & Co. Offers Peterson Electronic Die Co.

G. K. Shields & Co., of New York City, on Feb. 23 publicly offered 100,000 shares of common stock (par 20 cents) of Peterson Electronic Die Co., Inc. at $3 per share. Dealer's concession is 30 cents per share.

Of the net proceeds, $60,000 will be used for production of vinyl case covers for books; $50,000 for raw materials for production of book covers; $40,000 for building machinery for manufacture of shoes; $30,000 for raw materials for production of shoes; $14,000 for die shop equipment; $42,000 for working capital, for general purposes including labor and engineering but excluding officers' salaries.

Form Mutual Service

BRONX, N. Y.—Jack C. Saal and Davis S. Silver have formed Mutual Service Associates with offices at 985 East 174th Street to engage in a securities business.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The various Government issues, after a sharp uptrend which carried the prices of many of these obligations ahead to levels which seemed to indicate that investors were really becoming bond-minded again, have reacted somewhat and this has the financial district in a bit of a quandary. The pick-up in the demand for the better yielding Government securities appears to have subsided a bit. Also, the so-called "small investor" seems to have been filled up for the time being, unless he gets another opportunity to get an issue like the magic 5s.

The sharp downturn in the equity market brought buyers into not only the Governments but also into other fixed return issues. This kind of buying seems to have slowed down also. In addition a sizable rally or a continuation in the uptrend in the common stock market most likely means that the pressure will again be on the bond market.

Federal Reserve policy is still in the restrictive phase even though there has been some talk that changes would be forthcoming coincident with the business pattern assuming a defensive attitude. So far, however, the existing economic situation has only been able to dim slightly the inflation fear which has had such an unfavorable effect upon the money markets and the capital market. The minor lessening in the demand for funds in both the short-term and the long-term markets which has been in evidence lately does not seem to indicate that the economy is on the verge of deterioration. It is most likely a very favorable development that some of the upward spiral psychology has been blunted a bit, whether if applies to wages and prices or to the stock market.

Competition From Stocks

There is no question but that the action of the equity market has had a marked influence on the way in which the demand develops and continues to go, as far as fixed-income bearing obligations are concerned. An advancing common stock market such as has been seen in the not distant past has taken its toll of the Government market as well as the market for other debt instruments. Fear of what will happen to the purchasing power of the monetary unit in the event of continuous inflation has caused funds to go mainly into equities. The hedge against a loss in purchasing power is not carried out through the purchase of bonds, aside from those issues which have a conversion feature into common stocks.

Currently, it appears as though there is a decreasing fear of inflation and this, along with the sizable returns which are available in Governments, corporates and tax-exempt obligations has had a favorable influence on the market action of the fixed-income issues. The fact that bond prices have shown a favorable trend of late does not, however, seem to indicate that there will be a return to decidedly easy money conditions. The economy, in spite of some soft spots, does not appear to be headed for that kind of uncertainty and trouble which is going to bring about an abrupt change in the policies of the powers that be.

It is a matter of record, however, that not a few money market specialists welcome the opportunity of being able to operate in an atmosphere in which the money tightening inflation psychology is not the leading factor.

It will take a bit more time to prove that the demand for loanable funds is not going to grow and likewise that corporate funds will continue to be invested in liquid Treasury issues instead of for their own business needs. Favorable yields on Government issues will not attract funds which can be employed more profitably elsewhere.

Factors to Be Watched

To be sure, the money market is being watched very closely for developments and one of the items which will bear careful scrutiny is the level of net borrowed reserves of the member banks for any change in the policy of lessening the credit restraint. In recent months these have averaged close to $400 millions after being above the $500 million level last summer. A decrease to the $300 million average level could have more than a passing amount of significance. In addition, the margin requirements of 90% for the purchase of listed common stocks could be reduced. This would be another sign that the credit restraining policies of the Federal Reserve Board are being loosened up.

Bank of America Group Offering Coast Unit Bonds

A Bank of America NT & SA underwriting syndicate on Feb. 23 purchased $18,309,000 County of Los Angeles, Calif., bonds consisting of $12,900,000 Replacement of Hospital Facilities bonds and $5,409,000 Juvenile Detention Facilities Bonds. The syndicate included Chase Manhattan Bank; First National City Bank of New York and Bankers Trust Co.

The Bank of America group paid a premium of $237,179 for the straight 4% Replacement of Hospital Facilities bonds, or a net interest cost to the County of 3.82%. The bonds were reoffered to investors to yield from 2.90% to 3.85%, according to maturity July 1, 1962-1979. The syndicate paid a premium of $87,639 for the straight 4% Juvenile Detention Facilities bonds, or a net interest cost to the County of 3.88%. The bonds were reoffered to investors to yield from 3.60% to 3.80% according to maturity June 1, 1971-1977.

Proceeds of the bond sales will be used for various hospital and detention purposes. Los Angeles County contains the largest urban area in the West, and 40% of the assessed valuation is in the City of Los Angeles and 82% is in incorporated cities.

Econ-O-Veyor Corporation Stock Offering Complete

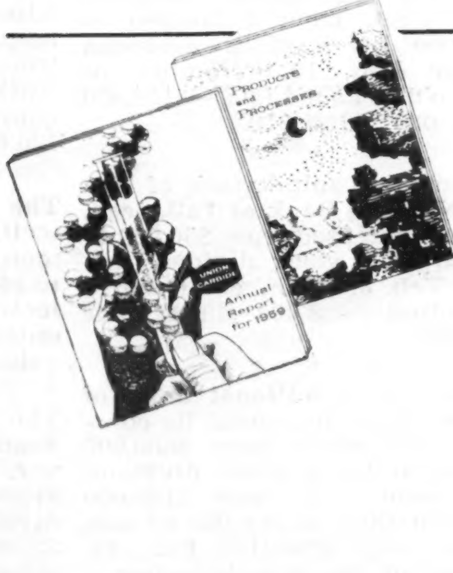
It was announced on Feb. 24 that the offering of 150,000 shares of Econ-O-Veyor Corp. common stock (par 10 cents) which was commenced on Nov. 10 by Plymouth Securities Corp. at a price of $1 per share has been completed, all of the said shares having been sold.

UNION CARBIDE

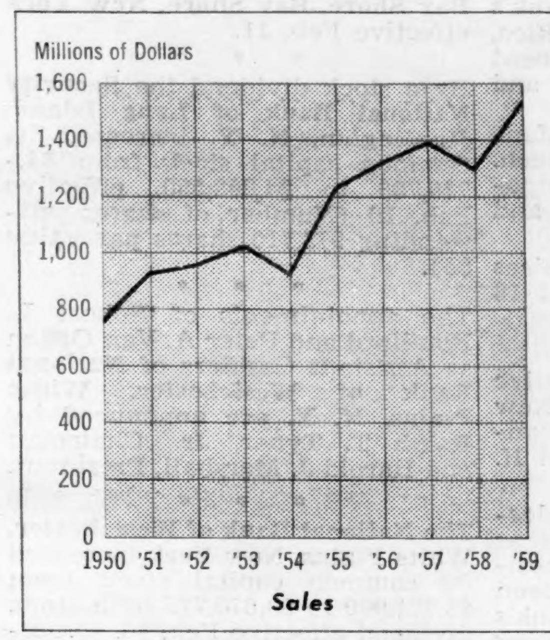
UNION CARBIDE CORPORATION

1959 Annual Report Summary

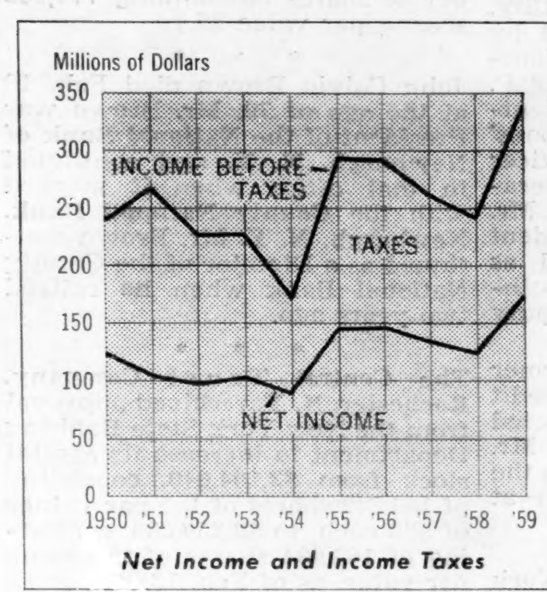
	1959	1958
Sales	$1,531,343,824	$1,296,532,373
Net Income	171,637,065	124,936,845
Per Share	5.70	4.15
Dividends Paid	108,344,828	108,265,402
Per Share	3.60	3.60
Earned Surplus	685,493,989	622,201,752
Current Assets	$ 714,667,441	$ 664,097,034
Current Liabilities	257,204,296	213,802,203
Total Assets	1,632,250,370	1,530,476,376
Shares Outstanding	30,097,943	30,093,183
Number of Stockholders	126,927	126,739
Number of Employees	74,000	71,500



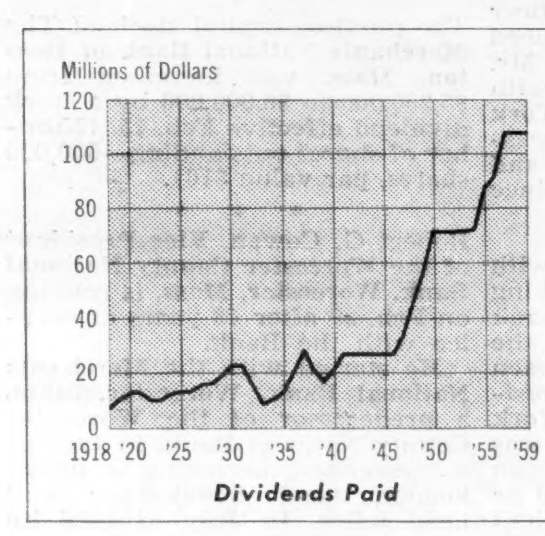
Copies of the complete 1959 Annual Report of Union Carbide Corporation will be furnished on request. An illustrated booklet describing the products and processes of Union Carbide also is available. If you wish copies of these booklets, please write to the Secretary, Union Carbide Corporation, 30 East 42nd Street, New York 17, N. Y.



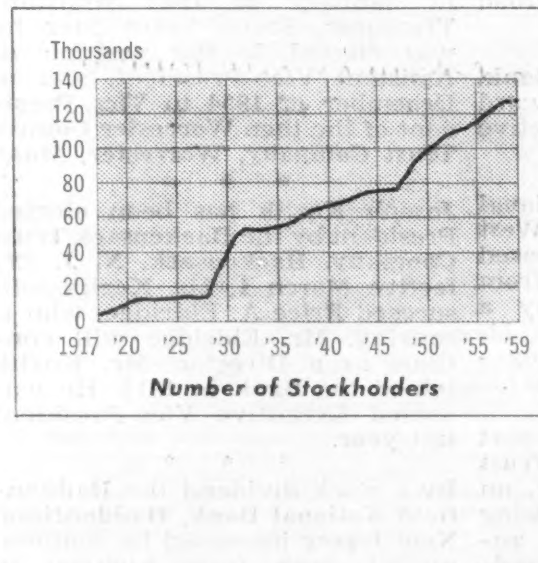
Sales



Net Income and Income Taxes



Dividends Paid



Number of Stockholders

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

The Chase Manhattan Bank's branch in Bayamon, Puerto Rico, moved on Feb. 23 into permanent quarters at State Highway 2 and Comerio Road.

Joaquin Sole, Assistant Manager, is in charge of the branch. It opened in May 1958 in temporary quarters at Dr. Veve and Marti Streets.

In all, the Bank has four offices in Puerto Rico and a total of 18 in the Caribbean area.

* * *

Realignment of several executive positions at **Chemical Bank New York Trust Company** was announced by Chairman Harold H. Helm.

As a result of the recent election of William S. Renchard as President, Executive Vice-President John L. Gibbons has been placed in charge of the Bank's Metropolitan Division, consisting of 104 offices in New York City. Mr. Gibbons will be assisted by Keith M. Urmy, Vice-President-branch administration. Arthur P. Ringler is named Vice-President-operation to assume Mr. Gibbons' former duties as the senior officer in charge of the Bank's Operations and Personnel Divisions. Mr. Ringler, formerly Vice-President and Controller, is succeeded as Controller by Augustus R. Southworth, Jr., formerly Deputy Controller.

Charles W. Charles, former Manager of the Company's Credit Department, has also been elected Assistant Vice - President. Mr. Charles is being transferred to the Bank's Metropolitan Division at its 425 Park Avenue Office.

* * *

The **Gotham Bank, New York** elected Walter Freund a Senior Vice-President, chief loan officer and Director, it was announced by David Berg, Chairman. Mr. Freund had previously been with the **Chemical Bank New York Trust Company** and its predecessor, the **Continental Bank and Trust Company, New York** since 1936.

* * *

Arthur W. Dahl, formerly with the New York State Banking Department as supervising bank examiner and assistant to the Deputy Superintendent, has been elected an Assistant Vice-President of Chemical Bank New York Trust Company, New York, it was announced Feb. 18 by Chairman Harold H. Helm. Mr. Dahl will be associated with Vice-President Joseph A. McFadden in the Bank's Loan Review Division at 30 Broad Street.

Kings Highway Savings Bank, Brooklyn, N. Y. elected Howard R. Wright President, effective Jan. 1.

* * *

The Meadow Brook National Bank of Nassau County, West Hempstead, New York increased its common capital stock from $10,003,570 to $10,203,640 by a stock dividend effective Feb. 11. (Number of shares outstanding—2,040,728 shares, par value $5).

* * *

Dora M. Whitmore of Freeport joined the **Long Island Trust Company, Garden City, N. Y.** on Feb. 1 as Director of advertising and public relations. The announcement was made by Frederick Hainfeld Jr., President.

* * *

The First National Bank and Trust Company of Bay Shore, Bay Shore, New York changed its title to **First National Bank of Bay Shore, Bay Shore, New York** effective Feb. 11.

* * *

By a stock dividend the **Security National Bank of Long Island, Huntington, N. Y.** increased its common capital stock from $4,726,750 to $4,868,550, effective Feb. 10 (Number of shares outstanding 973,710 shares par value $5).

* * *

The appointments of Robert L. Rouillard and Peter A. Van Orden as Assistant Cashiers of **National Bank of Westchester, White Plains, N. Y.** are announced by Ralph T. Tyner, Jr., Chairman and Harold J. Marshall, President.

* * *

The National Bank of Westchester, White Plains, New York increased its common capital stock from $3,721,900 to $3,870,775 by a stock dividend effective Feb. 10. (Number of shares outstanding 774,155 shares, par value $5.)

* * *

John Calvin Brown died Feb. 19 at the age of 79. Mr. Brown was President of the **National Bank of Newburgh, N. Y.** and continued in that office when it merged with the **County National Bank, Newburgh, N. Y.** Mr. Brown continued as a Director of the County National Bank when he retired two years ago.

* * *

The **Central Trust Company, Rochester, N. Y.** received approval from the New York State Banking Department to increase its capital stock from $3,104,640, consisting of 155,232 shares of the par values of $20 each, to $3,259,880, consisting of 162,994 shares of the same par value, as of Feb. 16.

* * *

The common capital stock of **The Merchants National Bank of Boston, Mass.** was increased from $5,250,000 to $6,000,000 by a stock dividend effective Feb. 15. (Number of shares outstanding—600,000 shares, par value $10).

* * *

Robert G. Cowan, Vice-President of the **Worcester County National Bank, Worcester, Mass.** is retiring on Feb. 29 after 48 years of service with the Bank.

He started with the **Merchants National Bank, Worcester, Mass.** a predecessor of the Worcester County National Bank, in 1912 as a messenger, becoming a bookkeeper, head bookkeeper and head teller. In July of 1936 he was elected Credit Manager and in January of 1942 Assistant Treasurer. Seven years later he was elected to the position of Assistant Vice-President, and in December of 1954 to Vice-President of the then **Worcester County Trust Company, Worcester, Mass.**

* * *

Joseph Kozlik has been elected President by the **Hackensack Trust Company, Hackensack, N. J.** Effective March 1, Mr. Kozlik will succeed Brice A. Eldridge, who is retiring. Mr. Eldridge will continue as a Director. Mr. Kozlik joined the Bank in 1918. He was named Executive Vice-President last year.

* * *

By a stock dividend the **Haddonfield National Bank, Haddonfield, New Jersey** increased its common capital stock from $400,000 to $500,000 effective Feb. 15. (Number of shares outstanding 50,000 shares, par value $10.)

* * *

James F. Johnston, senior Vice-President of the **Peoples Trust Company of Bergen County, New Jersey** died on Feb. 8 at the age of 47.

* * *

The Yardville National Bank, Yardville, N. J. increased its common capital stock from $75,000 to $150,000 by a stock dividend and from $150,000 to $225,000 by sale of new stock effective Feb. 8. (Number of shares outstanding—11,250 shares, par value $20.)

* * *

By a stock dividend the **Western Pennsylvania National Bank, McKeesport, Pa.** increased its common capital stock from $5,870,000 to $5,987,400 effective Feb. 8. (Number of shares outstanding—598,740 shares, par value $10.)

* * *

Central-Penn National Bank of Philadelphia, Pa. increased its common capital stock from $5,360,000 to $5,896,000 by a stock dividend effective Feb. 9. (Number of shares outstanding—589,600 shares, par value $10.)

* * *

The common capital stock of **The Union National Bank of Youngstown, Ohio** was increased from $2,500,000 to $3,000,000 by a stock dividend effective Feb. 8. (Number of shares outstanding—300,000 shares, par value $10.)

* * *

By a stock dividend the **Fort Wayne National Bank, Fort Wayne, Ind.** increased its common capital stock from $2,100,000 to $2,400,000 effective Feb. 10. (Number of shares outstanding—240,000 shares, par value $10.)

* * *

The First National Bank in Wabash, Ind. increased its common capital stock from $300,000 to $400,000 by a stock dividend effective Feb. 8. (Number of shares outstanding—40,000 shares, par value $10.)

* * *

The common capital of **The Cosmopolitan National Bank of Chicago, Ill., was** increased from $1,500,000 to $1,650,000 by a stock dividend effective Feb. 8, (number of shares outstanding—16,500 shares, par value $100).

* * *

The First National Bank and Trust Company of Kalamazoo, Mich., increased its common capital stock from $1,500,000 to $1,800,000 by a stock dividend effective Feb. 10, (number of shares outstanding — 180,000 shares, par value $10).

* * *

The common capital stock of **The Central Northwestern National Bank of Minneapolis, Minn.**, was increased from $150,000 to $300,000 by a stock dividend effective Feb. 11, (number of shares outstanding — 3,000 shares, par value $100).

* * *

By a stock dividend the common capital stock of the **Northwestern National Bank of Hopkins, Minn.**, was increased from $150,000 to $250,000 by a stock dividend effective Feb. 8, (number of shares outstanding—2,500 shares, par value $100).

* * *

First National Bank of Luverne, Minn. increased its common capital stock from $50,000 to $150,000 by a stock dividend effective Feb. 9. (Number of shares outstanding —1,500 shares, par value $100.)

* * *

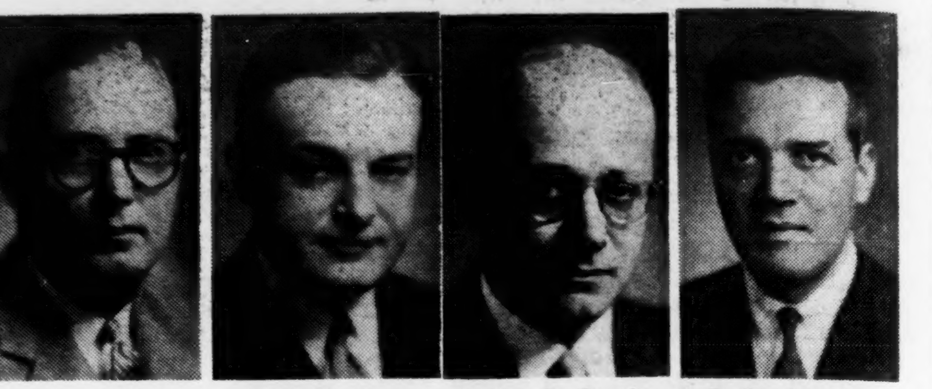
The common capital stock of the **First and Farmers National Bank of Blue Earth, Minn.**, was increased from $50,000 to $150,000 by as stock dividend effective Feb. 8, (number of shares outstanding —1,500 shares, par value $100).

* * *

The First National Bank of Miller, So. Dak., increased its common caiptal stock from $100,000 to $200,000 by a stock dividend effective Feb. 8, (number of shares outstanding—2,000 shares, par value $100).

* * *

Chemical Bank Executive Posts



John L. Gibbons — Keith M. Urmy — Arthur P. Ringler — A. R. Southworth, Jr.

Realignment of several executive positions at Chemical Bank New York Trust Company was announced by Chairman Harold H. Helm.

As a result of the recent election of William S. Renchard as President, Executive Vice-President John L. Gibbons has been placed in charge of the bank's Metropolitan Division, consisting of 104 offices in New York City. Mr. Gibbons will be assisted by Keith M. Urmy, Vice-President-Branch Administration. Arthur P. Ringler is named Vice-President-Operations to assume Mr. Gibbons' former duties as the senior officer in charge of the bank's Operations and Personnel Divisions. Mr. Ringler, formerly Vice-President and Controller, is succeeded as Controller by Augustus R. Southworth, Jr., formerly Deputy Controller.

The common capital stock of the **Northwest Des Moines National Bank, Des Moines, Iowa**, was increased from $150,000 to $300,000 by a stock dividend effective Feb. 15, (number of shares outstanding — 3,000 shares, par value $100).

* * *

By a stock dividend the common capital stock of **The First National Bank of Perry, Iowa**, was increased from $100,000 to $200,000 by a stock dividend effective Feb. 9, (number of shares outstanding—2,000 shares, par value $100).

* * *

The common capital stock of **The Laurence National Bank, Laurence, Kans.**, was increased from $100,000 to $200,000 by a stock dividend effective Feb. 10, (number of shares outstanding—20,000 shares, par value $10).

* * *

The Citizens National Bank of Chillicothe, Mo. increased its common capital stock from $200,000 to $400,000 by a stock dividend effective Feb. 8. (Number of shares outstanding—16,000 shares, par value $25.)

* * *

By a stock dividend the **Union Planters National Bank of Memphis, Tenn.** increased its common capital stock from $7,500,000 to $9,000,000 effective Feb. 8. (Number of shares outstanding—900,000 shares, par value $10.)

* * *

First National Bank in Palm Beach, Fla. increased its common capital stock from $1,200,000 to $1,500,000 by a stock dividend effective Feb. 10. (Number of shares outstanding — 150,000 shares, par value $10.)

* * *

The common capital stock of **The Isbell National Bank of Talladega, Ala.** was increased from $50,000 to $200,000 by a stock dividend effective Feb. 8. (Number of shares outstanding — 8,000 shares, par value $25.)

* * *

The Southwest National Bank of El Paso, Texas increased its common capital stock, from $500,000 to $600,000 by a stock dividend and amount of increase $100,000 from $600,000 to $1,000,000 by sale of new stock effective Feb. 10. (Number of shares outstanding—50,000 shares, par value $20.)

* * *

By sale of new stock **The First National Bank of Odessa, Texas** increased its common capital stock from $750,000 to $850,000 effective Feb. 8. (Number of shares outstanding—85,000 shares, par value $10.)

* * *

The common capital stock of **The Lufkin National Bank, Lufkin, Texas** was increased from $450,000 to $600,000 by a stock dividend effective Feb. 9. (Number of shares outstanding—30,000 shares, par value $20.)

* * *

The common capital stock of the **Union National Bank of Laredo, Texas** was increased from $250,000 to $350,000 by a stock dividend and from $350,000 to $450,000 by sale of new stock effective Feb. 10. (Number of shares outstanding —4,500 shares, par value $100.)

* * *

The **First National Bank in Garland, Texas,** increased its common capital stock from $400,000 to $450,000 by a stock dividend and from $450,000 to $500,000 by sale of new stock effective Feb. 10, (number of shares outstanding—25,000 shares, par value $20).

* * *

By a stock dividend **The First National Bank of New Boston, Texas,** increased its common capital stock from $100,000 to $200,000 effective Feb. 9, (number of shares outstanding—20,000 shares, par value $10).

* * *

Fredericksburg National Bank, Fredericksburg, Texas, increased its common capital stock from $100,000 to $200,000 by a stock dividend effective Feb. 9, (number of shares outstanding—2,000 shares, par value $100).

* * *

The common capital stock of the **Albuquerque National Bank, Albuquerque, N. Mex.**, was increased from $2,100,000 to $2,520,000 by a stock dividend effective Feb. 9, (number of shares outstanding—126,000 shares, par value $20).

* * *

The First National Bank of Roswell, N. Mex., increased its common capital stock from $300,000 to $600,000 by a stock dividend effective Feb. 8, (number of shares outstanding — 60,000 shares, par value $10).

* * *

The common capital stock of **The American National Bank of Denver, Colo.**, was increased from $1,000,000 to $2,000,000 by a stock dividend and from $2,000,000 to $2,500,000 by sale of new stock effective Feb. 9, (number of shares outstanding—50,000 shares, par value $50).

* * *

A stock offering involving 139,988 shares has been recommended by **Valley National Bank, Phoenix, Ariz.** Directors and will be sub-

mitted for stockholders' approval at a meeting called for March 3.

The offering is based on one share for every 15 held on a March 11 record date. It will increase the shares outstanding from 2,099,825 to 2,239,813—and will represent approximately $6,-000,000 in additional shares, depending upon the price set by Directors at a March 1 special meeting.

If the proposal is approved at the March 3 stockholders' meeting, subscription warrants immediately will be mailed to present shareowners. Rights will expire Friday, April 8.

Sale of stock not subscribed will be underwritten by an investment house syndicate headed by William R. Staats & Co. and Blyth & Co., Inc., as co-Managers.

The contemplated issue also is subject to approval by the U. S. Comptroller of the Currency.

* * *

The **First National Bank of Strasburg, Colo.**, increased its common capital stock from $100,000 to $200,000 by sale of new stock effective Feb. 15, (number of shares outstanding — 2,000 shares, par value $100).

* * *

By a stock dividend **The First National Bank of Kalispell, Mont.**, increased its common capital stock from $300,000 to $400,000 effective Feb. 9, (number of shares outstanding—4,000 shares, par value $100).

* * *

The **Glendale National Bank, Glendale, Calif.**, increased its common capital stock from $600,-000 to $660,000 by a stock dividend and from $660,000 to $720,-000 by sale of new stock effective Feb. 9, (number of shares outstanding—36,000 shares, par value $20).

* * *

The **National City Bank of Long Beach, Long Beach, Calif.**, changed its title to **First National City Bank of Long Beach, Long Beach, Calif.**, effective Feb. 9.

* * *

Total net assets of **Swiss Bank Corporation, Switzerland** increased as of Dec. 31, 1959 to a new peak of 4,331,280,852 Swiss Francs, or $1,004,937,552. This figure compares with the previous high of 4,129,805,268 Swiss francs, or $958,191,477 at the close of 1958.

Cash on hand and due from banks at the end of 1959 aggregated 1,082,392,733 Swiss francs, or $251,135,204, against 1,509,442,-812 Swiss francs, or $350,218,750 at Dec. 31, 1958; bills receivable were 686,129,605 Swiss francs, or $159,194,803, versus 683,445,259 Swiss francs, or $158,571,986; Government and other securities, 516,-601,050 Swiss francs, or $119,-861,032, compared with 539,651,426 Swiss francs, or $125,209,148.

All deposits aggregated 3,855,947,452 Swiss francs, or $894,651,380, against 3,708,541,698 Swiss francs, or $860,450,510 at the end of 1958. Profit for 1959 was 34,251,039 Swiss francs, or $7,946,-876, against profit for 1958 of 30,485,683 Swiss francs, or $7,-073,244. All figures are based on the exchange rate of 4.31 Swiss francs to the dollar for 1959, and the same rate for 1958.

* * *

Bank of Hawaii, Honolulu, Hawaii Shareowners at their annual meeting elected General (Ret.) Edmond H. Leavy, as a member of the Board of Directors.

* * *

By a stock dividend the **First National Bank of Fairbanks, Alaska**, increased its common capital stock from $300,000 to $500,-000 effective Feb. 11, (number of shares outstanding — 5,000 shares, par value $100)

W. R. Freiler Opens

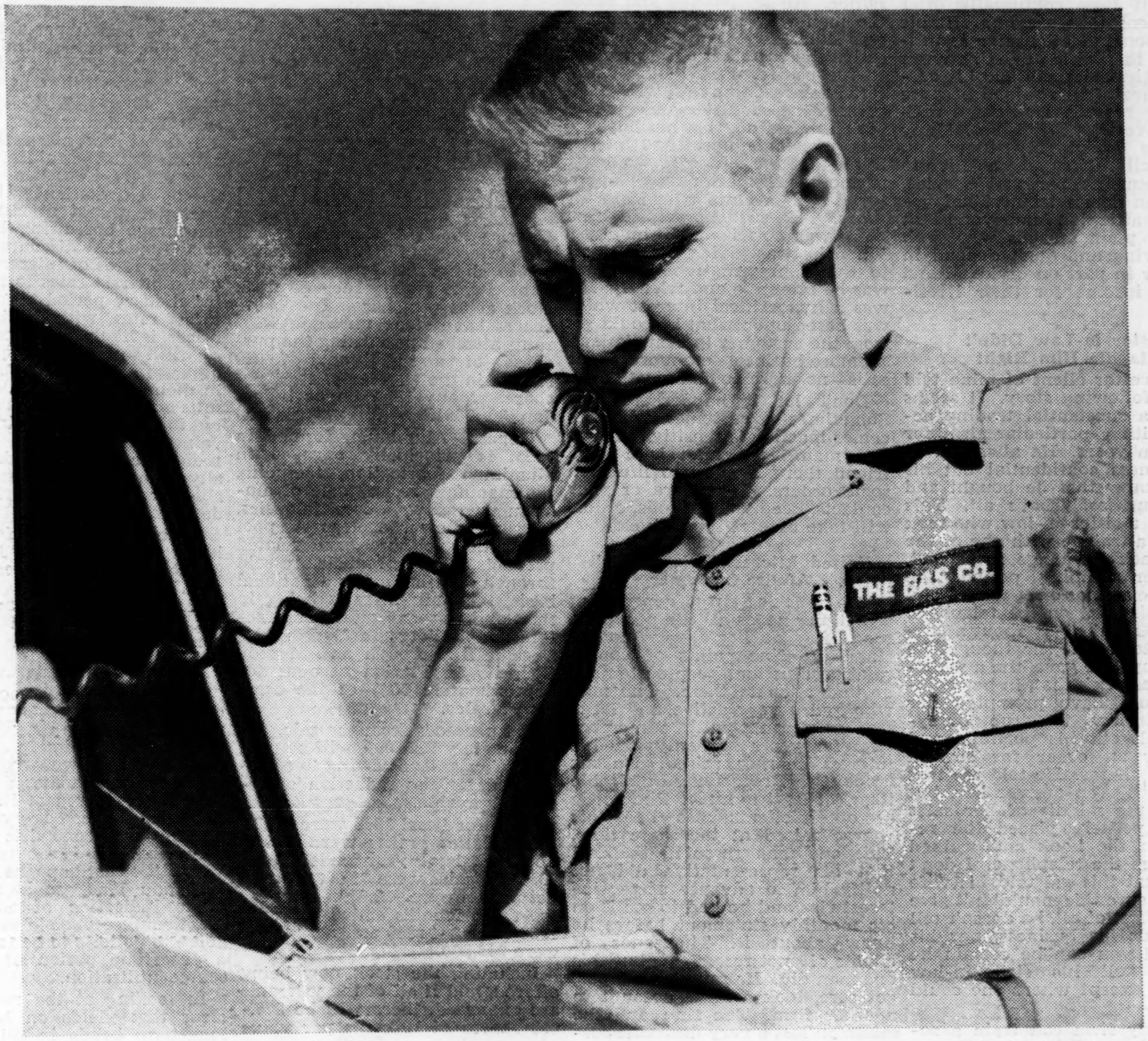
IRVINGTON, N. J. — William R. Freiler has opened offices at 23 41st Street to engage in a securities business.

Bache Lecture Series

CAMDEN, N. J. — Bache & Co. will begin on Thursday evening, March 3, 1960, a special course of five weekly lectures for the "sophisticated investors," Peter R. Newman, branch Manager, has announced.

These meetings in the Walt Whitman Hotel, Camden, N. J., will commence at 7:30 p.m. each Thursday evening and run from March 3 through March 31, and are designed to assist investors to get more out of every dollar invested, Mr. Newman stated.

On successive Thursday evenings, George R. Warren, Jr., associate Manager of the Bache office in Camden, will discuss "How to Be a Wiser Investor"; Lewis G. Kearns, Manager of the financial planning department of Wellington Fund, will speak on estate planning; Stock Exchange procedures will be discussed by Richard S. Barnes, a member of the New York Stock Exchange and a Bache partner; "What Are Commodities" is the subject to be presented by Gerald Gold, Manager of the commodity research department of Bache & Co.; and Stanley H. Molotsky, Sales Manager of the Bache organization, will talk on "Intelligent Trading and Special Situations."



More people than ever share in the growth of the Columbia Gas System

In 1959 over 3,200,000 homes and businesses used an all-time high of 736 billion cubic feet of natural gas delivered, directly and indirectly, through the Columbia Gas System — 36 billion more than in 1958.

Despite the prolonged steel strike the System delivered more gas than ever to the growing industrial complex it serves in 7 states—New York, Ohio, Pennsylvania, Kentucky, West Virginia, Virginia, and Maryland.

The number of owners of the System grew, too. Thirty-two thousand more of them — 182,545 in all — were listed as stockholders of The Columbia Gas System, Inc. at year's end.

And the men and women who work for the Columbia Gas System, including those who operate the System's pipeline from the Gulf Coast to the Kentucky-West Virginia border, shared $79,000,000 in wages and benefits during the year.

Here is evidence of the growing demand for a vital public service—the production, transportation and delivery of natural gas — on which so many people depend for their daily comfort, convenience and economic betterment. *For the complete story on the growth of the Columbia Gas System—and its continuing investment in better service for more people — write for your copy of our 1959 Annual Report.*

THE COLUMBIA GAS SYSTEM, INC.
COLUMBIA GAS SYSTEM SERVICE CORPORATION
COLUMBIA HYDROCARBON CORPORATION
120 EAST 41st STREET, NEW YORK 17, N. Y.

COLUMBIA GAS SYSTEM

CHARLESTON GROUP: UNITED FUEL GAS COMPANY, AMERE GAS UTILITIES COMPANY, ATLANTIC SEABOARD CORPORATION, COLUMBIA GAS OF KENTUCKY, INC., VIRGINIA GAS DISTRIBUTION CORPORATION, KENTUCKY GAS TRANSMISSION CORPORATION . . **COLUMBUS GROUP**: THE OHIO FUEL GAS COMPANY, THE OHIO VALLEY GAS COMPANY . . . **PITTSBURGH GROUP**: THE MANUFACTURERS LIGHT AND HEAT COMPANY, COLUMBIA GAS OF NEW YORK, INC., CUMBERLAND AND ALLEGHENY GAS COMPANY, HOME GAS COMPANY . . . COLUMBIA GULF TRANSMISSION COMPANY THE PRESTON OIL COMPANY

SECURITY SALESMAN'S CORNER

BY *JOHN DUTTON*

You Can Learn From Other's Mistakes

There are other reasons, aside from unsound advice, why people discontinue brokerage connections. No one can expect to keep clients if they continually offer suggestions that are unprofitable but personal relationships as intimate as that which exist between a securities salesman and his customers are often strained because of other reasons than some mistaken investment decisions. Many investors are highly tuned up emotionally. They are sensitive to such items as personal service, and often demand individual notice and attention far beyond that of other plain mortals who grub for a living and don't depend in whole or in part on dividend and interest income for their livelihood.

Sister-In-Law Didn't Handle Him Right

An investor client of mine told me the following story. It seems he had a substantial trading account with a particular firm for about ten years. He always kept his business confidential but his family knew that he bought and sold securities. That's all. This man had a sister-in-law who took a job as a trainee with one of the large Stock Exchange firms and, after her training period, she waited exactly one week and called this man on the telephone at his home at night about a particular stock that she thought he should buy. She gave him a whirlwind sales pitch that, in her opinion, should have prompted her brother-in-law to drop everything, sell out his portfolio and give her an order for several thousand shares. He told me that he did not even answer her, but right in the middle of her sales talk he politely placed the receiver on the hook and walked away from the telephone. I don't know what this gal told his wife but I am sure this man didn't give a hoot. First of all, he doesn't tell his friends his business, nor his wife, and you can be certain he wouldn't tell his sister-in-law anything except where she could go.

How any firm can train a so-called salesman for six months and not give him any training in common sense (which is basic in all salesmanship) I don't know. What that gal needed was some lessons in human relationships in addition to her A. B. C.'s of income accounts, balance sheets, and stop loss orders. It takes a lot more than a high pressure telephone canvas to qualify you as a competent registered representative of an investment firm.

Fair Weather Boy

Another man I know who had an active trading account several years ago was introduced to a customer's representative of a Stock Exchange firm. Eventually he transferred his entire account from another city to this man. As long as his account was active this customer's representative would call him regularly, he was very solicitous of his health, he would see to it that mailings on attractive issues were sent to the client. Then there came a period when this man's account became inactive. For certain reasons of his own, he did not trade very much for about six months. The salesman only called him once a week, then once a month, then mailings stopped, and the customer could have been dead as far it went.

This client once more began to trade actively in the market and he had his account switched to another firm. Then the salesman who neglected to call him took notice. He telephoned and asked the man why he did this and he was told. The resident partner called the customer and asked him to reconsider. Finally the registered representative's wife telephoned the customer and pleaded with him, stating that her husband was personally upset and hurt to think that the customer would go to another firm after they had enjoyed such a close friendship for years. This customer replied that there was no friendship involved. When he was giving his business to this representative only then was he attentive and friendly. His was a hypocritical interest which was based upon what he could get from the customer in commissions. No more business—no more phone calls—no more communications.

Don't let it happen to you. Sometimes a customer who becomes inactive is sensitive such as this man. If a man is a good friend there is more to life than some orders. Take care of your contacts, keep your friends, orders will take care of themselves.

Raised Interest Rates; Didn't Advise Customer

The accounting department sometimes needs a little prodding, too. They do not always understand the fine points of human relationships that keep customers, or that alienate them. One man who had a very active and large trading account with a member firm for years suddenly had his interest charges raised. On his account this represented a sizable item (at least to him). Thousands of other clients also had this charge raised at the same time. This one man resented the fact that his representative did not notify him in advance of the interest rise and he had to see it on his monthly statement before he knew about it. Thousands of clients did not resent this but this one man did. He raised a rumpus, got sore, took a large account to another firm. The firm and the salesman lost a very desirable customer. Reason — poor liaison between accounting and sales. A little thinking among the higher ups in the management end could have provided for a notice to all account representatives that such a move was imminent and notice could have been given to this sensitive customer in advance of the raise.

Possibly in these days of IBM machines, and brokerage firms top heavy with detail and management burdens, personal attention to such things is difficult. That's where the smaller firm has it over the large one—if they use this advantage and give personal attention to their clients. The customer's representative who understands personal relationships and what makes the wheels go round very often has to be an apologist, peacemaker, and ambassador of goodwill for his firm —some errors are beyond his control. Those that involve his customer's directly, however, should not come about through his own negligence or carelessness.

* * *

When you sell securities you are not fooling around with something unimportant to your customer. As a client of mine told me the other day, one of his friends had a son who took a job as a trainee with a member firm. The father of the boy asked him if he would give the boy some business. My client answered, "Do you know what you are asking? Do you understand what you are saying? I don't believe that you do. If I were to give that boy of yours an order just to help him keep his little job it might cost me 10 to 20 thousand dollars. Don't you know that my speculations in the market are important to me? What do you think your son is selling, hot dogs? You can be sure it's not that kind of a commodity and he soon will find out that what I am saying is true."

Yes, my friends, there is a lot more to selling securities than meets the eye. You have to know something about people, too.

Charles Plohn Heads Group on General Aluminum

Charles Plohn & Co. and associates offered publicly on Feb. 24, 75,000 shares of General Aluminum Fabricators, Inc. common stock at $4 per share. The 75,000 shares have stock purchase warrants attached permitting the purchase of an additional 75,000 shares, in the aggregate, at $4 per share, at any time on or before Jan. 30, 1961.

General Aluminum, formed in 1955, is principally engaged in aluminum fabrication, including the manufacture and sale of aluminum windows, doors, jalousies, tub and shower enclosures, pool and patio enclosures, and related products. These products are sold through distributors on a national basis, the bulk of sales being in the Southeastern States. Contractors and builders in Dade, Palm Beach, Hillsborough and Monroe Counties in Florida account for approximately 50% of the company's sales.

Net proceeds from the sale, approximately $220,000, will be used to discharge loans owing to a factor and for the reduction of accounts payable.

Sales for fiscal 1958 were $808,500 and net profits were $2,900. For the fiscal year ended June 30, 1959, sales were $1,026,000 and net profits were $18,000. Sales for the three months ended Sept. 30, 1959 were $344,000 and net profits were $15,500.

Including the stock now being offered, and if all of the warrants are exercised, there will be 275,000 shares of 10 cents par value common stock outstanding.

George, O'Neil Offers Lancer Indus. Preferred

George, O'Neil & Co., Inc., of New York City, on Feb. 16 publicly offered 200,000 shares of 70¢ convertible preferred stock of Lancer Industries, Inc. at par ($10 per share).

The net proceeds will initially become part of the company's general funds, and as such may be applied to any corporate purpose.

The company was incorporated in Florida on Dec. 23, 1955 by persons in no way associated with present management, which first assumed control of the corporation and actual direction of its affairs on Jan. 2, 1958. A wholly-owned subsidiary, Lancer Pools Corp., was incorporated on March 31, 1958 to function primarily as a sales company for the products manufactured by its parent. The company and its subsidiary presently engage in the manufacture and sale of laminated fiberglass swimming pool shells primarily for outdoor installation on a nationwide basis.

Why the Government Cannot Control Interest Rate

Continued from page 1

rates will continue to show a rising tendency.

Variations in the level and structure of interest rates also influence the allocation of the available supply of lendable funds and of economic resources in general —that is, the distribution of these resources among various uses. In order that interest rates, and for that matter any other prices, can perform this important economic function, it is essential that they be permitted to vary flexibly so as to reflect differences in costs, risks, and institutional habits, as well as in demand and supply.

Interest rates also reflect expectations as to the future. Prospects for profits influence borrowing demands. Inflationary tendencies, with the threat of rising prices, encourage borrowing but at the same time they discourage lending at fixed rates of interest and thus cause interest rates to rise. In an inflationary period the rise in interest rates, with declining bond prices, is likely to be accompanied by rising prices for equities and other properties, with a decrease in their current yields. These results are manifestations of attemps by investors to sustain the real value of their savings. Recession reduces credit demands — generally below the level of funds available for lending and brings about declining rates.

All of these various factors that influence interest rates lead to the result that interest rates are necessarily and inevitably high in a period of prosperity and high resource utilization and low in a period of recession.

How High Are Interest Rates?

To quote one well-known political philosopher of 30 years ago, "Let's look at the record." Santayana, another philosopher perhaps not as well known, wrote, "Those who do not remember the past are condemned to repeat it." Just as politician have forgotten Al Smith, most economists today ignore what happened before 1930. Very little that happened between 1930 and 1950 provides an adequate indication of a normally functioning economic system or a guide to policies to be followed in a peacetime period of high resource utilization.

In looking at the record it is clear that yields on high-grade long-term bonds in this country have nearly doubled since the low point reached in 1946. They are now close to the average levels of the 1920's and also the average for two decades prior to World War I, but are not as high as the peaks of the 1920's, or World War I, or the levels prevailing before 1890.

Short-term rates, which declined much more sharply in the 1930's and generally have been well below long-term rates for the past 30 years, have only recently become comparable with the 1920's. They are still much below the levels prevailing prior to that time.

The low level of rates that existed in the 1930's and 1940's was due to special factors. Economic depression and an unprecedented gold inflow caused rates to decline in the 1930's. Pegging of rates and controls over spending and investment maintained rates at those low levels during the war and early postwar years.

Historically, therefore, it cannot be said that the present level of interest rates is particularly high. Moreover, in making long-run comparisons, recognition should be accorded to important institutional changes that affect the comparability of present interest rates with those of the past. One of the principal differences has been the increase in taxes on incomes and profits as a result of which the net cost of interest at any particular rate to corporate borrowers has been cut in half, and other borrowers had varying degrees of cuts. In addition, elimination of tax-exemption on U. S. Government bonds has raised the nominal rate of interest that must be paid on public debt obligations, although the Government gets much of the difference back in tax revenues.

Another basis of measuring the relative levels of interest rates in this country is to compare them with other countries. Until the past year or two, interest rates in the United States have generally been far below those of nearly all other countries, which have had heavy capital demands. As capital demands have been supplied and restrictions on capital movements reduced by other countries, interest rates have declined abroad and international differentials in interest rates have narrowed. Nevertheless, long-term rates in the United States are still somewhat below comparable rates in most other countries where free money markets now prevail. In the future rates in this country will need to be responsive to world-wide conditions affecting saving and investment.

Why Have Interest Rates Risen Since the War?

The postwar rise in interest rates has reflected in large part a recovery from the abnormally low rates that existed in the 1930's and the 1940's. In the early postwar years, the arbitrary pegs on rates at the low levels established during the war were continued until 1951. A consequence was to make much more difficult the task of containing the postwar inflation, based on the large wartime expansion of money and liquid assets.

Attempts to peg interest rates broke down of necessity with the outbreak of hostilities in Korea. It was neither desirable nor feasible to establish an effective system of direct controls that would have kept monetary and credit expansion within bounds and maintain prices and yields of Government securities at the then existing levels. The Treasury-Federal Reserve accord, therefore, was adopted in early 1951 in order to permit interest rates to move flexibly. Since that time there has been a general rising tendency in interest rates, with fluctuations that reflected variations in credit demands.

Most of the decade of the 1950's was characterized by very heavy credit demands. There have been substantial Federal Government deficits in most years since 1950. The deficits were exceptionally large in 1958 and 1959, totaling over $8 billion in each calendar year, with a total of $13 billion concentrated in the fiscal year ending in June, 1959. State and local government debt has shown a persistent increase. Expansion in home mortgage debt has been phenomenal—from well below $20 billion to over $120 billion. Other consumer credit also rose to new high levels, but with some cyclical variations. Business credit expansion has been more moderate than the increase in governmental and consumer debt; yet it has been large in dollar amount. Business has needed funds for capital investment to restore wartime backlogs, to meet the needs of a growing population, to install technological improvements, and otherwise to expand productive capacity.

One aspect of the credit growth in the past decade that is particularly significant from the standpoint of interest rates is that much of the total credit growth has been of a nature that does not

contribute directly to increased productivity. A very large proportion of the expanding credit has been in consumer and governmental debt, including in consumer debt that for housing. While some of these uses of funds may properly be considered as investment, it cannot be denied that they do not directly and immediately contribute to increasing productive capacity to the same extent as funds invested in plant and equipment. A different allocation of savings might have tended in the long run to have kept interest rates and prices in general from rising as much as they have.

While demands for credit were large and expanding, the supplies of lendable funds have been relatively smaller than in some earlier periods. Individual net saving averaged about 9% of disposable income in the eight years from 1951 to 1958, compared with 13% in 1922-1929. Another development that has made the market more sensitive to interest rate movements is that a larger portion of the savings of individuals is now channeled through financial institutions which control their allocation. These institutions are aware of competing demands and are in a position to place funds where they can get the best rate more effectively than can individuals who make direct investments.

Developments with respect to consumer saving and to credit demands in 1958 and 1959 are indicative of the factors that influence interest rate movements. Similar trends were evident in 1954 and 1955. Figures from the flow-of-funds computations of the Federal Reserve illustrate these developments. The total increase in all types of credit in 1959 is estimated at a record amount of over $55 billion, compared with $45 billion in 1958 and a little less in 1955—the previous record year.

The largest single element in this total was real estate mortgage debt at $19 billion, one-sixth above the previous record in 1955. Federal Government debt increased by over $8 billion for the second successive year. State and local government borrowing, though large, was somewhat less than in 1958. Corporate security financing also declined further, but business borrowing at short-term showed an exceptional increase. At the same time businesses added to their holdings of liquid assets and were larger buyers of short-term Government securities than in any other postwar year.

It should be recognized that these figures represent only the demands for credit that were satisfied; there is no way of measuring what total demands were and how much expansion there would have been if more funds had been available to meet all credit demands.

How were these large credit demands met? Expansion of bank credit in the aggregate was greatly reduced from the record increase of 1958. Banks increased their loans by an unprecedented amount but, despite the increase in Government borrowing, banks reduced holdings of Government securities. In addition to business purchases of Government securities, consumers as a group added large amounts to their holdings of credit and equity market instruments in 1959. It is estimated that these additions amounted to nearly $13 billion in 1959—almost half in Government securities—compared with a net increase of about $3 billion in 1958, when holdings of Governments were reduced. At the same time savings deposits at banks increased less in 1959 than in 1958, when there had been an exceptional expansion. These differences reflect the influence of interest rate variations.

Although gross saving by consumers was moderately larger in 1959 than in 1958, as was net acquisition of all types of financial assets, net financial investment by consumers was much less in 1959 than in 1958. The reason for this difference is that a larger portion of gross saving went directly into expenditures for homes and durable goods and consumers also increased their borrowing for these purposes.

It would appear that rising interest rates, together with higher incomes, may have induced some consumers to save more and accelerate their acquisitions of financial assets, but at the same time other consumers increased their rate of borrowing. The pressure of these and of business and governmental borrowing demands upon the available supply of savings caused interest rates to rise. To what extent the higher rates actually brought about an increase in saving or curtailed some borrowing demands, there is no way of knowing.

Can and Should Interest Rates Be Stabilized?

It is frequently suggested that the rise of interest rates should have been prevented from occurring by governmental action of some sort. This suggestion is based upon the desirability of preventing increases due to higher interest rates in the cost of Government, of home ownership, and of business finance. The stabilizing of interest rates is also indicated as desirable in order to protect investors against declines in prices of fixed interest obligations in which savings are invested.

It seems to be believed that interest rates could be prevented from rising by legislation which places ceilings on rates that the Treasury can pay or on those that lenders can charge on mortgages. Some commentators have expressed the view that the rise in interest rates has been engineered by the Federal Reserve in a deliberate but futile effort to prevent inflation. Some advance the opinion that the Federal Reserve, instead of causing interest rates to rise, should take action to stabilize rates. This should be done by creating additional money to meet demands at existing rate levels.

There are two defects in such proposals. In the first place, the desirability of maintaining stable interest rates, even if possible, may be questioned. Any such artificial stability would interfere with the functioning of interest as an important regulator and contributor to the maintenance of equilibrium in the economy. It would also interfere with the allocative function of interest in distributing resources among various claimants. More fundamentally, such stability could not be obtained without creation of money to meet all borrowing demands, irrespective of the availability of savings. Any such policy would disturb the savings and investment relationship, would threaten to diminish the purchas-

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PRESIDENT'S REPORT

FROM NORTHERN STATES POWER COMPANY

Owned by 77,915 shareholders, and serving over 600 communities in Minnesota, No. Dakota, So. Dakota, and Wisconsin

PREVIEW: NSP earnings-per-share reached a record high in 1959

Preliminary figures for Northern States Power Company's 1959 annual report indicate several new records were set. Here are the highlights:

Total revenues rose to $170,354,000—an increase of 10.1% over 1958. This is a new revenue record.

Net income was $25,036,000—an increase of $2,960,000 over the preceding year, a record net income.

Earnings available for the common stock also hit a new peak—$21,478,000 compared to $18,518,000 in 1958.

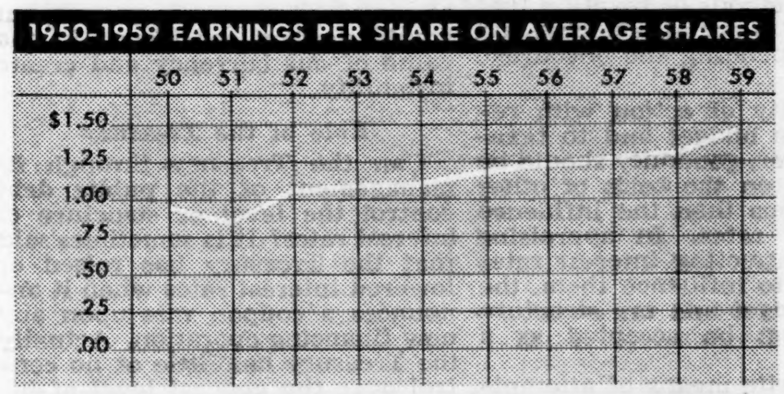
Earnings were $1.41 a share based on shares outstanding at the end of 1959 and $1.47 a share on the average shares outstanding during the year. These earnings compare with $1.30 per share for 1958.

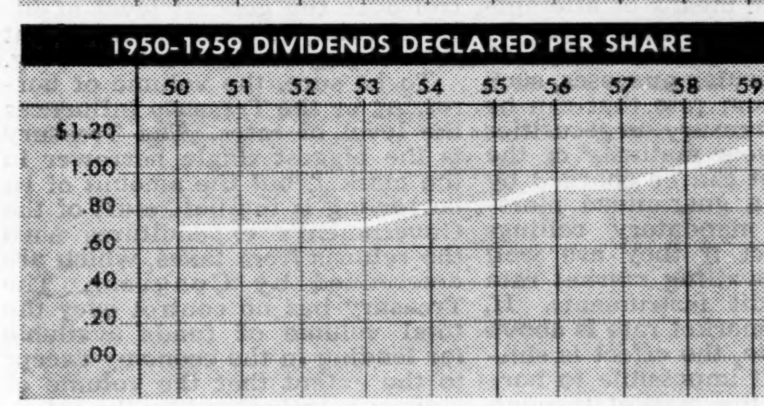
Dividends of $1.10 per share were declared on the Common Stock, an increase of ten cents a share over 1958.

In 1959 the Company issued 932,268 shares of Common Stock, bringing the total outstanding at year's end to 15.2 million shares.

Investment in net utility plant exceeded half a billion dollars for the first time, reaching a total of $504,773,000.

During the year, NSP invested $45.2 million in new construction. An additional $56 million is ticketed for 1960 to keep ahead of the ever-growing demand for our services.



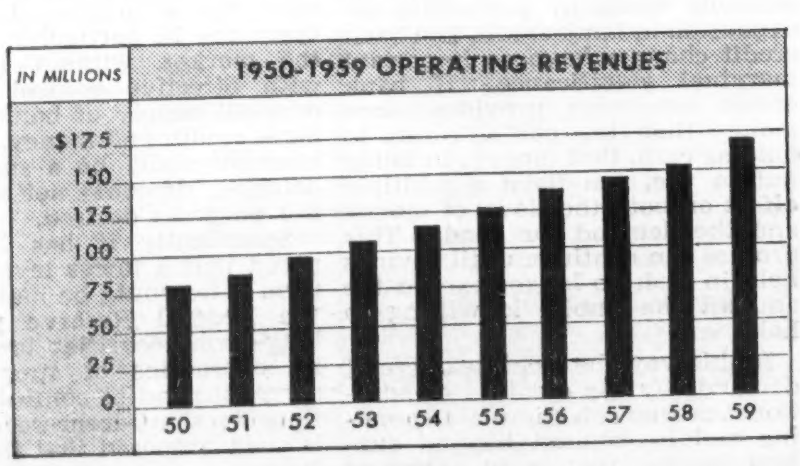


A significant addition to the Company's operation was the acquisition of the Mississippi Valley Public Service Company. Their revenues were nearly $2.8 million in 1959.

Another record was set on December 21, 1959, when we met a peak demand of 1,384,910 kilowatts.

Construction of our 66,000 kilowatt Pathfinder Atomic plant near Sioux Falls, South Dakota, is progressing on schedule. It is planned to be completed in June 1962.

Our complete annual report for 1959 will be available soon. Please drop me a line if you would like a copy.



Allen S. King

President,
Northern States Power Company

Why the Government Cannot Control Interest Rate

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ing power of savings and income, would destroy confidence in the value of the currency, and in the end would interfere with rather than contribute to the maintenance of sustainable economic growth.

In the second place, from a practical point of view there is really not much that Government can do to prevent interest rates from rising except to adopt fiscal polcies designed to create an adequate budgetary surplus. The particular measures commonly proposed for the stabilizatiaon of interest rates in the long run would probably not accomplish the desired purpose.

Can Congress Control Interest Rates by Legislation?

Action by Congress can have an influence upon interest rates, but such influence has to be exercised through the budget—that is, through legislation affecting expenditures and taxes—and not along the lines often suggested. A budget deficit, which increases borrowing demands of the Government, tends to cause interest rates to rise, while a surplus, which is a form of saving, would tend to cause lower rates. Congress might also influence interest rates to some extent by adjustments in methods of taxation that would tend to curtail business and consumer spending and encourage saving.

Desirability of action with respect to the budget and to taxation, however, generally should be determined on the basis of other considerations than the influence on interest rates. In appraising the forces affecting interest rates and action to influence them, the existing budget and tax structure usually must be accepted as a given fact.

One favorite means of attempting to control interest rates by legislation is to place ceilings on rates for particular purposes, such as the maximum rate that can be paid by the Treasury on securities of over five-year maturity or the maximum that can be charged by a lender on a guaranteed mortgage. Such mandatory ceilings have no effect if they are well above the prevailing market rate for such credit instruments. If, however, the market rate is above the ceiling rate, the effect is simply to make it impossible to borrow funds in the market through those particular media.

The ceiling fixed by legislation on the amount of interest that the Treasury may pay on bonds, which have an original maturity of over five years—now 4¼%—has merely had the effect of forcing the Treasury to borrow on shorter-term obligations. This has brought about higher rates in that sector of the market, which have been transmitted to some extent to yields on longer-term securities outstanding. The longer-term rates would no doubt rise further if the Treasury were borrowing in that area, but it would probably be possible for the Treasury to sell moderate amounts of bonds at lower rates than are paid on new securities now being issued. Of greater importance, however, than the interest cost to the Treasury, the limitation of borrowing to the issuance of short-term securities has excessively increased the liquidity of the economy. Thus the Treasury is prevented from adopting debt-management policies that would contribute to the maintenance of sustained growth.

As this audience is well aware, the result of the ceiling on guaranteed mortgages has been either to necessitate curtailment of the activity or bring forth provision of funds by the Treasury. These funds are provided either directly from the budget or through borrowing in the market by the Federal agency concerned. In the end, attempts to maintain a particular level of rates through Treasury support increases aggregate borrowing demands and has the same effect on interest rates in general as any other Government expenditure and borrowing.

Sometimes it is proposed that the interest cost to Government and perhaps the general level of interest rates could be kept down by financing a portion of a Government deficit or of a particular governmental activity through the issuance of some sort of fiat currency, so-called "printing press" money. Usually such suggestions are not made in bold terms that reveal their true nature but are more indirect and subtle, generally through monetization of debt by the Federal Reserve System.

Any such proposals would represent a step away from the underlying principle, long ago established as a safeguard to confidence in our currency, of keeping separate the function of currency issue—and of monetary creation in general—from that of debt management. It would set a precedent for action that could be employed to finance past or current deficits through the issuance of fiat money.

Resort to such measures would not contribute to the maintenance of sustained economic growth, but would destroy confidence in the value of our currency and create instability.

Role of the Treasury

Can the Treasury through its management of the public debt control the level or structure of interest rates? It is sometimes said that the Treasury has raised or lowered interest rates when it announces a coupon rate upon any new financing operation. Actually the Treasury has little or no control over the general level of interest rates, or even the rates that it must pay on its own borrowing.

To be sure, the volume of borrowing by the Treasury influences the level of rates. The Treasury is the biggest single borrower in the market, but the amount of its borrowing is the net result of the Government's expenditures and the returns from taxes, which are determined by Congress. The Treasury has no control over the total volume of funds available for lending in the economy except to the extent that the volume of savings is influenced by the interest rates offered or by taxation. The Treasury must compete with other borrowers in the market and pay the rates of interest determined by the balance of total borrowing demands and the total supply of savings available for investment.

In its management of the debt, the Treasury might to some extent affect the structure of rates by tailoring the securities offered so as to draw funds from particular groups of lenders. If demands are concentrated in one sector of the market, rates may rise more in that sector than in others. Even so, it is questionable whether in the long run these operations have much effect upon the general average level of interest rates. Because the market is so well organized, changes in interest rate relationships will gradually, and sometimes promptly, bring about shifts in holdings and arbitrage operations that cause adjustments throughout the rate structure.

Debt management, i.e., the particular securities offered by the Treasury, can have a bearing upon the economic situation independently of the effect of the general level of borrowing. Debt management that relies largely on short-term financing results in an increase in the liquidity of the economy. Additions to the supply of liquid assets available facilitate the holding of savings in such form. The net effect is almost the same as the creation of additional money, because it permits individuals and businesses to economize on the cash balances that they might otherwise hold. Borrowing at long term, in contrast, is likely to absorb savings and because long-term securities are less liquid, funds are more effectively tied up and cannot be obtained for spending or other investment purposes without the risk of capital loss. For these reasons, it is important that the Treasury should be in a position to offer long-term securities in order to permit debt management policies to perform a useful role in helping to avoid inflation and to maintain stable growth.

Role of the Federal Reserve

Federal Reserve operations can exercise somewhat more influence over interest rates than the Treasury. The Federal Reserve can control the supply of bank credit available for lending. By buying Government securities or lending to member banks, the Federal Reserve can increase the supply of bank reserves or it can reverse these operations and their effects. Bank reserves are highly volatile. They are called "high powered" money because the banking system, though not any individual bank, can use the reserves as a basis for expanding total credit and money to seven or more times the amount of reserves available.

In appraising the actual or potentil effects of Federal Reserve policy, however, it is essential to keep in mind the limited scope of its direct operations without belittling the broad area of its indirect consequences. The appropriate scope of monetary regulation is relatively narrow compared with all the factors that can influence economic growth and stability and the structure of interest rates. That scope is to make possible the extension of credit by commercial banks in amounts sufficient to provide the cash balances that the public needs and is willing to hold. This is a necessary and indispensable power for economic growth and is one that can without doubt wield a tremendous influence, particularly if utilized beyond the limits of its proper scope.

Bank credit is only a small fraction of the total volume of savings available for lending. Annual rates of increase in the money supply, including demand deposits at banks and currency but excluding time deposits, have averaged about $3 billion in the past decade. Changes have seldom exceeded $6 billion in any one year, and a decrease is rare. These changes in the creation of additional money by the banking system are small relative to annual increases in the total of all credit, that have ranged in the past decade from $30 billion to somewhat more than $50 billion, with an average of nearly $40 billion. This total of all credit supplied, as previously explained, is determined by the amount of individual and business savings available for lending. Potential demands for such credit may be much greater than the actual amount supplied.

Monetary policy operations, to be sure, may affect the supply of lendable funds by permitting an expansion in bank credit, and bank credit changes have an important marginal significance. If bank credit expansion provides more money than the public wants to hold as cash, that money, in being put to use, can have a multiple effect on both the flows of money and the demand for goods. This process can continue until savings held in cash no longer exceed the amount the public is willing to hold.

In this way, the meeting of credit demands by the creation of additional money can stimulate spending and investment beyond current income, that is, in excess of the goods and services capable of being produced. Unless such expansion in buying is accompanied by increased output, it will result in inflationary price increases. Conversely, if the public wants to hold larger cash balances than they have, too little credit can have a depressing effect on the economy. At times the ready availability of credit at low rates can stimulate borrowing of a speculative or unsustainable character. Its expansion and inevitable subsequent liquidation would have unstabilizing effects on the economy.

Essential for sustained and stable growth of the economy is an expanding volume of investment and saving in an appropriate balance with consumption. Monetary creation can and should contribute only a very small portion of the total needed. The bulk of saving must come from current income in order to maintain a balance between demand and output. Monetary policy can to some extent influence but cannot control the volume of saving. Easy money and low interest rates are no inducement to saving. Saving can be encouraged only by permitting interest rates to reach the level that brings demand and supply into balance.

Many other factors than monetary policy influence and determine the volume of saving and also the allocation of saving among different channels of lending. Also, many other factors determine the aggregate volume and composition of borrowing demands. Monetary policies generally do not cause tight money and rising interest rates. To the extent that monetary policy operations supply the amount of credit needed to meet current cash needs of the economy, rising interest rates are the results of a growth in total borrowing demands at a faster pace than savings available for lending.

While it is true that the Federal Reserve could under some circumstances peg interest rates by purchasing all Government securities offered at particular rates, in the long run attempts to use Federal Reserve credit for these purposes in the face of excessive credit demands are not likely to succeed in holding down the general level of rates. As experience has unfortunately demonstrated, this is tantamount to the issuance of "printing press" money. The effect would be rising prices and inflation, which stimulate demands for credit and discourage saving, or at any rate discourage the investment of savings in fixed interest obligations. History shows that inflations are always accompanied by rising interest rates. Theoretically the interest rate rise might be deterred by such rigid credit rationing as to make credit unavailable for many desirable purposes, but it is questionable whether such controls could be maintained indefinitely.

For these various reasons it may be concluded that in the long run even the Federal Reserve cannot rigidly control the level of interest rates. Attempts to do so would eventually be self-defeating and the consequences disastrous.

Suggestions are often made that the Federal Reserve could influence the structure of rates by operating in particular sectors of the market, without interfering with effective control over the over-all supply of bank reserves, bank credit, and money. Any such attempt would be a snare and a delusion. It could not accomplish the purposes desired.

Specifically it has been proposed that a lower level of long-term rates could be maintained if the Federal Reserve purchased long-term securities to carry out its operations of supplying reserves instead of confining operations to short-term securities. It is even proposed that the Federal Reserve might purchase long-term securities and offset the effect on reserves by selling short-term securities or raising reserve requirements.

Such proposals are based on a lack of knowledge or understanding of the nature of Federal Reserve operations and their market repercussions. As a matter of procedure, the great bulk of Federal Reserve operations in the market are of short-term nature to meet seasonal and temporary needs for reserves and must shortly be reversed. They amount to billions of dollars in the course of a year and often to hundreds of millions within a few days, with opposite operations a few days later. They must be delicately attuned to day-to-day and often hour-to-hour conditions in the money market. The conduct of such operations through purchases of long-term securities or changes in reserve requirements would be impossible. If attempted they would be highly disturbing to the long-term market which is much narrower and more sensitive to changes in supply and demand factors than the short-term market.

Cyclical or secular changes in the supply of reserves generally do not exceed $1 or $2 billion in the course of a year and would be very small in any short period. They can be most effectively provided by moderate variations in the large counter-balancing short-term operations. At times, to be sure, when appropriate for purposes of long-term or structural adjustments, changes in reserve requirements or in the nature of System holdings can be effected in connection with some temporary operation. The net effect on interest rates, however, is likely to be negligible.

The initial direct effects of Federal Reserve operations in purchasing or selling any particular types of securities are minor compared with the indirect and multiple consequences when banks adjust to the resulting changes in the supply of reserves. These effects are not controlled by the Federal Reserve and are likely to be the same in the long run regardless of the procedures initially used to supply or absorb reserves. Because of the fluidity of the securities markets, any initial effect on particular sectors of the rate structure would soon be transmitted to other sectors of the market and normal relationships would be restored.

A more fundamental objection to Federal Reserve intervention with a view to influencing any particular sector of the market is that it is likely to interfere with, rather than encourage, appropriate adjustments in the economy. If the public realizes, for example, that long-term yields are being artificially held down by Federal Reserve operations and that such operations might be reversed at some time in the future, they would be less inclined to acquire or hold such securities.

Finally, it is a fundamental misreading of the problem of debt management to suggest that anything useful can be accomplished by adding to Federal Reserve holdings of long-term bonds. The aim of debt management under current conditions should be to absorb savings and reduce liquidity by increasing the *public's* holdings of long-term bonds. Additions to Federal Reserve holdings of such scurities would add further to liquidity, which is already adequate.

Conclusion

It may be concluded that attempts to control the level or the structure of interest rates by direct governmental action is likely to meet with failure and to have disastrous consequences. It is essential to keep in mind that governmental activities are not the only factors, and generally not the dominant ones, in money

and credit markets, or in the processes of saving and investment—private activities are much more important.

With respect to interest rates, private borrowing demands are likely to be much larger than governmental borrowing, and private savings are due to many other factors than governmental activities. There can be low interest rates with large Government deficits if private demands are slack. There can be high interest rates, or even inflation or unsustainable credit expansion, along with a Government surplus, if private credit demands are sufficiently vigorous and if the public does not save enough to meet these demands.

In the year ahead, with prospects for the development of a small budgetary surplus in sharp contrast to the unprecedented deficits of the past two years, private credit demands and savings and private decisions with respect to prices, aided by maintenance of bank credit and the money supply at an appropriate level, will largely determine the trend of the economy in general and the course of interest rates. Attempts to interfere with the normal functioning of free markets will be more likely to create elements of eventual instability than to contribute to sustainable growth.

*An address by Mr. Thomas before the 15th Annual Conference for Senior Executives in Mortgage Banking, New York University, New York City. The views expressed are those of Mr. Thomas and do not necessarily represent the views of the Board of Governors of the Federal Reserve System itself.

Can-Fer Mines Cap. Stock Offered

Pearson, Murphy & Co., Inc. (as managing underwriter) along with Emanuel, Deetjen & Co., on Feb. 15 commenced a public offering of 300,000 shares of Can-Fer capital stock (par $1) at $1.25 per share.

The underwriters have agreed to use their best efforts to find purchasers (who may include either of the underwriters acting for its own account) for the 300,000 shares offered within 21 days from the Feb. 15 offering date.

Of the net proceeds $60,000 will go for grinding, concentrating and shipping costs for 2,000 tons of samples for direct reduction tests; $45,000 for direct reduction test cost; $55,000 for the cost of bringing 150 claims to patent; $50,000 for assessment work on claims for ensuing 12 months; and $64,000 for working capital.

The company was organized under the laws of the Province of Ontario, Canada, on Aug. 19, 1957, for the purpose of acquiring, exploring and developing mining properties, primarily those with iron ore potential.

The company is the recorded holder of a number of unsurveyed and unpatented mining claims in the Kowkash, Port Arthur and Temiskaming Mining Divisions of Northwestern and Northern Ontario.

The company has no operating history. Since its incorporation, the company has engaged in the exploration of portions of its property with a view to the location of iron deposits. The exploratory work has thus far been concentrated on a portion of the claims in the Kowkash area, and has been comprised chiefly of magnetometer surveys, diamond drilling and a limited amount of metallurgical testing. This diamond drilling has included 22 holes drilled on certain claims sometimes referred to as the Gustafson Claims in the Central Onaman Group.

C. E. Saint Opens

TULSA, Okla.—Clarence E. Saint is conducting a securities business from offices at 5911 East 27th Place.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Bank Stocks

State legislative proposals for New York banks are in the spotlight this week with public hearings scheduled for Feb. 25. Such proposals now total six in number; two deal with holding companies and four are labeled as omnibus bills. Last week State Senator Cooke introduced a fourth omnibus bill which would permit State-wide bank holding companies and in effect would allow additional branch expansion and mergers for New York City, Westchester County and Nassau County banks.

It is generally agreed that the extension of the "freeze" on holding company expansion has outlived its usefulness. Earlier this year a bill was passed to extend the freeze temporarily to March 21, 1960, in contrast to one year extensions enacted during each of the several past years, with the promise that a major overhaul of the state's banking laws can be accomplished. The outcome, whether realized in 1960 or later, carries international as well as national significance.

Hindered by present legislative restrictions, the major New York City banks find themselves in a "deposit straight jacket" while called upon to serve effectively their role as world financial center banks. The economic metropolitan region of New York City covers four suburban areas within the state, Westchester and Rockland counties and the eastern Long Island counties of Nassau and Suffolk. Thus the City banks' interest in tapping deposit funds of the population it largely sustains in suburban areas is a logical one indeed. State boundaries are likely to shut off the City's supporting populations in nearby

MAJOR LONG ISLAND COMMERCIAL BANKS

	Total Deposits 12/31/1959	% Gain Over 12/31/1958
Nassau County:		
The Franklin Nat'l Bk. of Long Island	$612,456,220	7.5%
The Meadow Brook National Bank of Nassau County	411,469,876	17.4
Long Island Trust Company	87,898,787	5.8
Long Island Nat'l Bank of Hicksville	60,256,907	13.6
Hempstead Bank	58,097,445	18.8
*Nassau-Suffolk National Bank	43,221,245	11.3
Peninsula National Bank	36,244,328	4.3
Bank of Rockville Centre Trust Co.	33,875,919	12.1
First National Bank, Farmingdale	26,683,277	5.8
Nassau Trust Company	21,991,400	7.8
Suffolk County:		
Security National Bank of Long Island	$173,978,748	3.9%
Bank of Huntington	41,508,317	10.9
Bank of Babylon	24,870,851	26.3
Peoples National Bank	20,923,016	15.1
The First National Bank of Bay Shore	20,564,378	11.5

*New name proposed for Valley Stream Nat'l Bank & Trust Co. when merged with the First National Bank of Greenport in Suffolk County (approx. $6 million in deposits).

New Jersey and Connecticut for some time with bank expansion limited largely to intra-state branches.

Statistics on deposit growth for major New York City banks in 1959 in contrast to the growth attained by the leading Nassau and Suffolk County banks point up the problem.

The New York City banks registered a deposit growth of but 0.3% while the Nassau and Suffolk banks enjoyed a 10.4% gain over 1958 figures. The three largest Westchester County Banks, namely the County Trust Co., White Plains ($437.3 million in deposits), National Bank of Westchester ($158 million) and First National Bank in Yonkers ($77.2 million) registered gains of 0.5%, 3.4% and 14.6% respectively in 1959. The two leading banks in Rockland County, Rockland National Bank of Suffern and Marine Midland Trust Company of Rockland County (controlled by the State's largest bank holding company, Marine Midland Corp.) registered impressive deposit gains during 1959.

Presently there are 16 commercial banks in Nassau County, 24 in Suffolk, 12 in Westchester, and eight in Rockland County. It may be well to point out that many of these suburban banks have several branches rather than being a single bank situation, especially for the benefit of those with limited investment funds who like to speculate on outguessing possible acquisitions or merger steps with the hope of making a "fast buck." Several consolidations have already occurred among the suburban banks. On Long Island, Franklin National Bank has 33 offices in both counties, while Security National Bank and Nassau-Suffolk National Bank have positions serving both Nassau and Suffolk. Meadow Brook National Bank now has 39 offices throughout Nassau County.

Underlying the above-average deposit growth of Long Island banks is the strong population growth factor. Long Island with a population in excess of six million, ranks well above most states. In Nassau and Suffolk alone, population has more than tripled since 1940. Total population is presently estimated to exceed 1,800,000 of which 1,300,000 live in Nassau and 620,000 in Suffolk.

The investment interest is centered on whether New York will adjust its banking laws in time to match constructively the consistent growth of other regions of the nation and thereby maintain its leading position. When state regulation is outmoded by competitive economic advances it is mainly a matter of time for compatible adjustments to be made. Complex as the problems may be, purely local interests fight a losing cause with the accompanying frustration. Much of the publicity surrounding New York's banking problems has unfortunately degenerated to statements of immature rivalry. If political leadership is not exerted and aided, new leadership is born of necessity. Banking as a dynamic endeavor demands recognition.

To the investor in bank stocks the major concern is putting his money to work in banks judged to be serving constructively the public demand present. Inevitably those institutions most effectively at work reap the sustained profits. The outcome of the present legislative proposals in New York could signal the beginning of a major bank expansion of considerable interest to investors in bank stocks.

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Christopher Branch

SCOTTSBLUFF Neb. — B. C. Christopher & Co. has opened an office at 2109 Third Avenue, with Russell L. Hodge as the firm's representative.

Jefferson W. Baker

Jefferson W. Baker, Vice-President of Baker, Simonds & Co., Inc., Detroit, passed away February 10th.

Form Copley Inv.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Copley Investment Corporation has been formed with offices at 585 Boylston Street to engage in the securities business.

Abraham Mado and Louis I. Fishman are associated with the firm.

Now Frank Karasik

The firm name of Northeastern Investors Corp., 285 Madison Avenue, New York City, has been changed to Frank Karasik & Co., Inc.

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CAPITAL 180,000,000 S. Fcs. — 1872 — RESERVES 120,000,000 S. Fcs.

Statement of Condition, December 31, 1959

ASSETS	Swiss Francs
Cash in hand and at Bankers	1,082,392,733
Due from other Banks	468,052,591
Bills Receivable	686,129,605
Short Advances	38,878,965
Advances to Customers, etc.	1,511,263,838
Government and other Securities	516,601,050
Other Assets	16,712,070
Bank Premises and other Property	11,250,000
Total S. Fcs.	4,331,280,852

LIABILITIES	Swiss Francs
Share Capital	180,000,000
Reserves	110,000,000
Sight Deposits	2,584,704,268
Time Deposits	963,468,184
Fixed Deposits ("Obligations")	307,775,000
Bills Payable	17,216,223
Acceptances	22,109,701
Other Liabilities	111,756,437
Profit	34,251,039
Total S. Fcs.	4,331,280,852

Guarantees S. Fcs. 146,584,299

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Leading Gold Stocks as Dollar Devaluation Hedge

Continued from page 3

stead of converting to gold bullion.

Factors of Deterioration

What are the factors which brought about the gradual deterioration of the dollar which at the close of World War II was king currency and is now being relegated to a second class position? Why is it that nearly a quarter century of hoarding U. S. bank notes has come to an end and wealthy Europeans who always held large balances in Swiss and United States accounts are now repatriating their money from the United States?

The factors are many and complex but all revolve about the central theme of inflation. The lavish spending of the taxpayers' money, both at home and abroad, with emphasis upon political expediency rather than financial responsibility, has reached a point where American products are no longer competitive in the world markets. High taxes and production costs have placed American firms out of the running in bids for foreign markets. In many cases the taxes which an American wage earner pays per hour are greater than that which his foreign counterpart earns per hour and this even in countries which have a relatively high standard of living.

It is cheaper to import German steel to Pittsburgh than it is to buy from U. S. Steel. Japan is flooding the U. S. markets with such items as transistors, cameras and optical goods. On numerous occasions English firms have outbid United States concerns on the manufacture and installation of heavy equipment and machinery here in the domestic market.

The United States is a great trading nation which depends upon its exports to remain healthy. When the United States has outpriced itself in the world markets to such a degree that foreign nations can flood the domestic markets on a large scale then it is an indication that financial responsibility has reached a new low and that the day of reckoning is close at hand. If the United States is to remain in the position of world leadership that it gained following World War II then it must regain the world markets which it has lost.

Dilemmatic Solution

The basic problem is that the United States has, through high taxes and production costs, outpriced itself in foreign trade and is no longer competitive. The question arises as to how the United States can once again become competitive and regain the foreign markets which it has lost. To accomplish this there are two possible solutions, one is an era of enforced deflation accompanied by austerity and a roll back in the wage-price spiral. The other is dollar devaluation. In view of the political set up in the United States, where in political success is measured in terms of the amount of tax money expended and in view of the large debts incurred by both the national and state governments, it is unlikely that the electorate will ever willingly support a movement of planned deflation especially when one considers that the vast majority of the American public has complete confidence in the dollar and is totally unaware of an impending dollar crisis.

Further, one can be assured that the government will do everything in its power to retain public confidence in the dollar. In 1949 on the evening of the devaluation of the British pound, Sir Stafford Cripps, then Chancellor of Exchequer announced, "We will never devalue the British pound." The following morning the British pound was sharply devalued to the dismay of all those gullible people who have believed his statement. One must remember that the gold coins of the Caesars, held in many museums and vaults throughout the world, are today, almost 2000 years after the fall of the Empire, worth more than when first fashioned from the melting pots of ancient Rome. The history of gold and silver currency has been one of long-term appreciation whereas the history of paper monies has been one of gradual devaluation and eventual worthlessness.

The Question of Devaluation

It is also equally unlikely that the American public will ever willingly accept dollar devaluation. However, devaluation comes about not from planned economic policies within a nation but rather is forced upon a nation from without, by foreign nations which lose faith in an overvalued currency. It is something which occurs not with public approval but as a result of enormous deficit spending and arises when a nation has so outpriced itself in world markets that foreign nations lose faith in its overvalued currency and seek to unload it by means of large gold withdrawals.

Several years ago at a Congressional hearing on monetary matters the then Secretary of the Treasury, George Humphrey, was asked what the United States would do if a run on the dollar occurred and large amounts of gold were being withdrawn to foreign account. Secretary Humphrey replied that we would immediately place an embargo on gold and stop the outflow. This is similar to a bank closing its doors to the demands of its depositors when it no longer has sufficient reserves to back deposits. If foreign balances continue to mount, and our gold reserve continues to dwindle, it is quite possible that the United States may yet come to an embargo on gold. Since, due to high taxes, labor and production costs in the United States has completely outpriced itself in world markets it is unlikely that our foreign trade balance will correct itself.

While European production costs are rising they are much below those in the United States and are not rising anywhere near as rapidly as in the United States. If the President should be forced to declare an embargo to halt the outflow of gold then the dollar would be through and the price of gold would skyrocket. Such action would be tantamount to devaluation and Congress would have no alternative but to pass legislation increasing the price of gold from $35 an ounce to anywhere from $50 to $70 an ounce thus lifting the embargo, freeing the dollar, and making the United States once again competitive in world trade.

Hedging Against Possible Devaluation

How can the United States investor hedge against possible devaluation of the dollar? This can be accomplished by the purchase of good sound dividend-paying gold stocks. Historically during the last gold revaluation, which occurred in 1934, dividend paying gold stocks advanced on an average of 500% while gold itself went up only 75%. In addition, these gold stocks paid enormous dividends in the years immediately following revaluation. In purchasing gold stocks it is important first that the company has a long record of dividend payments and second that the company is able to maintain large reserves. The leading top-rated dividend paying gold stocks are, in the United States, Homestake Mining Co.; in Canada, Kerr-Addison, Dome Mines, Campbell Red Lake and Giant Yellowknife; in the Union of South Africa, Free State Geduld, Western Holdings, President Brand and Blyvooruitzicht. South African gold stocks should be purchased in American Depository Receipts which are obtainable through the Morgan Guaranty Trust Co. in New York.

Homestake Mining Co.

Homestake Mining, the largest gold producer in North America, began operations at its Black Hills, S. D. mine in 1874, paid its initial dividend in 1878 and has paid dividends in every year since except during the war years 1943-1945 when at government request it suspended operations. Despite the fixed price of gold, earnings have remained fairly stable in recent years due to a combination of higher output and increased efficiency. Daily capacity is 4,750 tons. Ore now going through the mill averages between $11 and $12 a ton. Gold reserves are in excess of 13,000,000 tons. The company has a funded debt of over $10,000,000. There are 2,009,280 shares outstanding. Stock sells for $42 a share on the New York Stock Exchange. Current dividend is $2 a share. Because Homestake's total reserves have declined in the postwar years and poor grade ore is being developed at depth, the newer and richer gold mines in Canada and in the Union of South Africa have greater investment appeal.

Kerr-Addison Gold Mines Ltd.

Kerr-Addison, 45% controlled by Noranda and located in the Larder Lake district of eastern Ontario, is now Canada's largest gold producer having a daily capacity of 4,500 tons. It is also one of the lowest cost producers in North America. Reserves, the largest in Canada, are in excess of 11,000,000 tons and ore gets richer at depth. The upper levels of the mine have ore valued at $7.00 a ton whereas the lower levels contain ore valued from $17.00 to $25.00 a ton. A new shaft is now being sunk to the 6,000 foot level. Dividends, initiated in 1941, have been paid in every year since. There are 4,730,302 shares outstanding and the company has no funded debt. Stock sells for $21 a share on the Toronto Stock Exchange. Current dividend is 80 cents a share. Consistent with the rising value of ore going through the mill, earnings for this large Canadian producer should increase in the years ahead.

Dome Mines Ltd.

Dome Mines, one of Canada's leading straight gold producers, operates a large 1,900-ton-a-day mine in the rich Porcupine district of Quebec. Reserves are in excess of 2,250,000 tons. In addition, Dome Mines has a 57% interest in Campbell Red Lake Mines Ltd., a 63% interest in Sigma Mines Ltd. and an 18% interest in Dome Petroleum Ltd. It also owns 50,000 shares of Miami Copper, 40,000 shares of Kerr-Addison Gold Mines Ltd. and 5,000 shares of Trans Mountain Oil Pipe Line Co. The market value of holdings in subsidiaries is estimated at $36.9 million as against a book value of $6.7 million. A large portion of Dome's current earnings is derived from its controlling interest in Campbell Red Lake and Sigma Mines. There are 1,946,648 shares outstanding and the company has no funded debt. Except for 1918, dividends have been paid in every year since 1915. Stock sells for $20 a share on the New York Stock Exchange. Current dividend is 70 cents a share. Earnings are expected to increase as dividends from subsidiaries and investment holdings continue to rise.

Campbell Red Lake Mines Ltd.

Campbell Red Lake, controlled by Dome Mines, is one of Canada's newer top-rated gold mines having initiated operations in 1949. The mine, a low cost 700 ton a day operation, is located in the Red Lake district of Western Ontario. Reserves have increased every year and are now maintained in excess of 1,000,000 tons. Although ore now running through the mill is valued at $20 a ton, this company is developing large reserves of ore valued at over $30 a ton. Dividends were initiated in 1952 and have been paid in every year since. There are 3,999,500 shares outstanding and company has no funded debt. Stock sells for $13 a share on the New York Stock Exchange. Current dividend is 40 cents a share. Due to a combination of increased output and rising ore values, earnings for this rich new producer are in a steady uptrend.

Giant Yellowknife Gold Mines Ltd.

Giant Yellowknife Gold Mine is situated in the Yellowknife Bay area of the Northwest Territories in Canada. Under the new aggressive management of McIntyre-Ventures this company has increased milling production from 700 to 1,000 tons a day and the rate of recovery has reached a new high. Developed ore reserves are in excess of 2,500,000 tons. Ore values are high but so are production costs in this far northern territory. Dividends were initiated in 1953 and have been paid in every year since. There are 4,000,000 shares outstanding and the company has no funded debt. Stock sells for $11 a share on the American Stock Exchange. Current dividend payout is 40 cents a share. Increased production and improved recovery rate is expected to result in sharply higher earnings in the years ahead.

Free State Geduld Mines Ltd.

Free State Geduld Mines, located in the Orange Free State of the Union of South Africa, is the richest and one of the largest gold mines in the world. The mine is under the able control and management of the Anglo American Corp., representing the DeBeers-Oppenheimer interests. Life of the mine is estimated at between 40 and 50 years. Production, which at present is running around 1,000,000 tons a year, is expected to increase to over 1,600,000 tons a year during the next two years. Ore now being milled is valued at $30 a ton whereas new ore being developed is valued at between $65 and $300 a ton. The value of this ore can only be appreciated when one realizes that the ore being milled by such a high grade mine as Homestake, here in the United States, averages only $12 a ton and the ore of most Canadian gold mines averages between $8 and $15 a ton. Costs of production, which in the United States and Canada run between $8 and $12 a ton, are not greater for Free State Geduld, although costs for this rich South African producer are expected to decline once full production is reached and reserves are maintained.

Consistent with additional output and the increasing value of ore being milled, earnings have increased at the rate of between 6% and 9% a month and present annual earnings of approximately $2 a share are expected to increase to nearly $4 a share by 1962. There are 10,000,000 shares outstanding and, since the mine came into production in 1956, a debt of nearly $40 million has been completely paid off. American Depository Receipts sell for $27 a share on the Over-the-Counter Market at New York. Current dividend of $1 is expected to increase to $3 by 1962. In the event of dollar devaluation, it is estimated that the dividend would rise to between $6 and $8 a share. Due to the richness of the ore being developed Free State Geduld represents a truly great growth opportunity.

Western Holdings Ltd.

Western Holdings, situated next to Free State Geduld in the Orange Free State of the Union of South Africa, is also under the control and management of the Anglo American Corp. Reserves are now at 4,300,000 tons and estimated life of the mine is over 60 years. Production, which is currently running around 1,200,000 tons annually, is expected to increase to 1,800,000 tons in the next few years. Value of ore now being milled is $21 a ton. However, present large proven ore reserves have a value of over $26 a ton and new ore being developed is valued at over $35 a ton. In sinking a third shaft system new ore ranging in value from $40 to $150 a ton has been discovered in great quantity. Production costs for this mine are around $8 a ton. There are 7½ million shares outstanding and debt is completely paid off. American Depository Receipts sell for $25 a share on the Over-the-Counter Market at New York. Current dividend is $1.25 a share. This is a sound blue-chip issue with great long-term growth prospects.

President Brand Gold Mining Company Ltd.

President Brand is also located in the Orange Free State of the Union of South Africa and under the control and management of the Anglo American Corp. Present proven ore reserves are estimated at 3,600,000 tons. The mine has a life expectancy of over 60 years. It is estimated that current production of over 800,000 tons a year will be increased to 1,500,000 tons during the next few years. In sinking a third shaft, ore valued at $105 a ton was intersected. There are 14,000,000 shares outstanding and debt is rapidly being eliminated. American Depository Receipts sell for $11 a share on the Over-the-Counter Market at New York. Current dividend is 70 cents a share. President Brand is an outstanding high-yield situation with an excellent divaluation hedge.

Blyvooruitzicht Gold Mining Co. Ltd.

Blyvooruitzicht gold mine, located in the Transvaal of the Union of South Africa and under the capable control and management of the Central Mining/Rand Mines Group, is one of the richest large-scale producers in South Africa. Total reserves are in excess of 6,000,000 tons. Life of the mine is estimated at over 50 years. Present production of 1¼ million tons a year is expected to increase. Value of ore is, on an average, $23 a ton. The company retains a substantial stock interest in Western Deep Levels. There are 24,000,000 shares outstanding and the company has no long term debt. American Depository Receipts sell for $4½ on the Over-the-Counter Market at New York. Current dividend is 30 cents a share. This represents a sound dollar devaluation hedge at high yield.

Now Braden Co.

MARIETTA, Ohio — Braden & Company has been formed to continue the investment business of Frank L. Walker & Co., Peoples Bank Building.

New Courts Branch

SOUTHERN PINES, N. C. — Courts & Co., has opened a branch office at 105 East Pennsylvania Avenue under the management of John A. McPhaul.

AS WE SEE IT *Continued from page 1*

the assistance of other peoples—and their underlying interest in getting control of these areas and these peoples has always been rather more than obvious. There is more than one way of exploiting underdeveloped lands, and one of the most deadly is that of infiltration to the point where the exploiter practically owns the exploited. And who can doubt that Russia has developed a special technique for accomplishing precisely that purpose?

It is of some interest, however, to turn to the record which, of course, hardly supports the Soviet dictator's charges against the capitalist nations, particularly the United States of America. In doing so it is essential to distinguish between two types of assistance—or what amounts to that—for backward peoples. First, there is the vast volume of private investment that has been going on during recent years despite the discouragements of harsh and at times quite unwarranted treatment of the investors. It is, of course, common knowledge that some of our foreign investments, so-called, in times past have been quite picaresque. It is probably true that some of them are still of that type. But outright exploitation of foreign peoples has become quite outmoded if not, in most cases, impossible. A great many of these ventures are definitely and greatly helpful to native populations. In point of fact, we are much inclined to believe that when the final summing up is made it will be found that these private investments have done a good deal more for the peoples of underdeveloped countries than all the vaunted public assistance.

Must Know Better

Mr. Khrushchev can hardly be ignorant of the volume of this type of financial transaction, and if he is half as well informed about the nature of these operations and their results as he seems to be about most world problems he can hardly have much sincere faith in what he has of late been preaching in Asia. He merely prefers to live and talk in the past in order to take advantage of the bitterness existing or hoped for among so-called colonial peoples. In point of fact, he expresses surprise that the people of India do not seem to be nearly so bitter as he had expected them to be, or as he would like for them to believe that he himself is. It could be that they have a much better understanding of what is going on in the world than he has given them credit for having.

Surely Mr. Khrushchev is familiar with the general facts about the "unilateral transfers" that are regularly published in our balance of payment figures—including Lend-Lease concerning his indebtedness under which he is now trying to out-Herod Herod in bargaining with the United States of America. As is well known, huge amounts of Lend-Lease materials of many kinds went to his own country during the war, and much went to all the other countries fighting with Russia and the United States against Hitler. But no sooner was the fighting over than it became clear that several important countries were impoverished to the point of collapse. The record is clear as to what this country did in these circumstances—and, in so doing, sponsored and stimulated the growth of the most telling sort of competition with our own industries, as was in point of fact all but inevitable. Mr. Khrushchev must be well aware of these facts. In truth, it is the vast development of industry in West Germany—greatly aided if not made possible by our generosity—that has given the Soviet dictator a good many moments of uneasiness, not to say envy. Yet not even he would put up the claim that we have exploited the peoples of that country or of any of the several others saved, or virtually saved, by our help.

And it is precisely at this moment that President Eisenhower is launching a drive to step up the volume of our aid to the underdeveloped portions of the globe and doing all that he can to persuade other nations of the free world to join us in the effort. Whether a wise policy or not on the part of our Government, and on the part of others which may presently join us, there can be no claim that any one is trying to exploit any other or to make profit from the transactions—and the fact must be known, so we certainly hope, by the peoples being warned by the Russian leader. There are those who wonder whether we may not be exploiting ourselves at times in all this business of foreign aid.

Hill, Darlington Office

LAKEVILLE, Conn. — Hill, Darlington & Co. has opened a sales office on Main Street under the direction of Jonathan S. Warner.

Now Schmidt, Ellis

DETROIT, Mich.—The firm name of H. W. Schmidt & Co., 17319 Wyoming has been changed to Schmidt, Ellis & Associates, Inc.

Onyx Chem. Corp. Stock Offered

Public offering of 140,000 shares of common stock at a price of $14 per share was made on Feb. 24 by an offering group managed by McDonnell & Co. Inc.

Net proceeds from the sale of the common stock, together with other funds, will be applied by the company to the purchase of all the outstanding capital stock of Onyx Oil & Chemical Co. It is anticipated that on or before March 31, 1960, the business and properties of Onyx Oil & Chemical Co. will be transferred to Onyx Chemical Corp. and Onyx Oil & Chemical will then be dissolved.

Onyx Chemical Corp. is an outgrowth of a business originally founded in 1910 for the purpose of supplying finishing oils and chemicals to the textile industry. Subsequent growth and diversification has resulted in the general chemical business presently conducted by the company. Onyx manufactures a group of chemicals which are sold to manufacturing concerns in approximately 50 different industries for use primarily as chemical intermediates or raw materials in the formulation, manufacture or processing of other products. In the 11 months ended Nov. 30, 1959, about 20% of the company's total sales were to the textile market and the balance of 80% consisted of industrial chemicals. The company's two plants are located in Jersey City, N. J. and at Rossville, Staten Island, N. Y.

For the 11 months ended Nov. 30, 1959 the company had consolidated revenues of $4,576,643 and net income of $210,806.

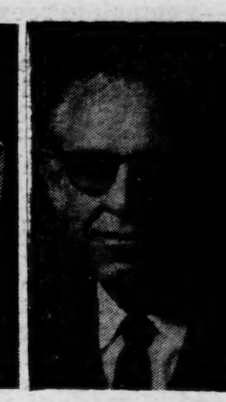
Upon completion of the current financing, outstanding capitalization of the company will consist of $750,000 bank loan and 180,000 shares of common stock.

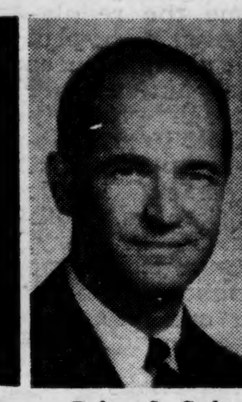
NASD Announces 1960 Committee Appointments

Glenn E. Anderson, Chairman of the Board of Governors of the National Association of Securities Dealers, and also Chairman of the Association's Executive Committee, has announced the following major committee appointments for 1960:

Curtis H. Bingham, President, Bingham, Walter & Hurry., Inc., Los Angeles, Chairman, Finance Committee; Robert L. Cody,


Glenn E. Anderson


Curtis H. Bingham


Robert L. Cody


Wm. H. Claflin, III


Franklin R. Johnson


Blancke Noyes


Andrew M. Baird


Wallace H. Fulton

Executive Vice-President, North American Securities Co., San Francisco, Chairman, National Business Conduct Committee; William L. Claflin, III, partner, Tucker, Anthony & R. L. Day, Boston, Vice-Chairman, National Business Conduct Committee; Franklin R. Johnson of Colonial Distributors, Inc., Boston, Chairman, Investment Companies Committee.

Also, Blancke Noyes, partner, Hemphill & Co., New York, Chairman, Legislation Committee; Andrew M. Baird, A. G. Becker & Co., Chicago, Chairman, Information Committee; and Wallace H. Fulton, NASD Executive Director, member of the Executive and Finance Committees.

Blyth & Co. Group Offers Brooklyn Union Gas Issue

Public offering of 150,000 shares of new 5½% cumulative preferred stock, series A, $100 par value, of Brooklyn Union Gas Co. is being made today (Feb. 25) by an underwriting group managed jointly by Blyth & Co., Inc. and Eastman Dillon, Union Securities & Co. The stock is priced at $100 per share and accrued dividends.

The net proceeds of the sale will be applied, together with other company funds, to the repayment of $15,250,000 of bank loans of which $13,000,000 were incurred for construction and the balance in connection with retirement of preferred stock of Brooklyn Borough Gas Co. prior to its consolidation with Brooklyn Union.

In addition to a sinking fund calculated to retire 2% of the issue annually commencing March 1, 1965, the new shares are redeemable at the option of the company at $110 per share prior to March 1, 1965; at $107 per share thereafter and prior to March 1, 1970; at $104 per share thereafter and prior to March 1, 1975 and on and after that date at $102 per share. The sinking fund redemption price is $100.

The company distributes natural gas at retail in a territory of approximately 187 square miles which includes all of the Borough of Brooklyn, the Borough of Richmond and a portion of the Borough of Queens, all in the City of New York. For the year ended Dec. 31, 1959 the company reported consolidated operating revenues of $88,808,000 and net income of $7,788,000 compared with $84,931,000 and $7,891,000 in 1958.

Turner Timber Corporation Securities Offered

Frank P. Hunt & Co., Inc., of Rochester, N. Y., on Feb. 16 commenced a public offering of $2,000,000 6¾% convertible debentures due 1969 (initially convertible into shares of common stock at the rate of 600 shares for $1,000 principal amount of debentures) and an additional 250,000 shares of common stock (par one cent) being offered in units of $1,000 principal amount of debentures and 125 shares of common stock, at $1,001.25 per unit (plus accrued interest from Dec. 15, 1959.)

The net proceeds from the securities will be used for the purchase of tracts of timber and coal lands known as the "Ford Peabody" property located in Clay, Leslie, Harlan and Bell Counties, Ky., and the Hines property located in Webster and Braxton Counties, West Va.

The company was organized on Sept. 16, 1959. The new company estimates that it will be from three to six weeks from the date the two properties are acquired until any of the timber which may be cut can be marketed; it is planned to lease to others the right to mine the coal in the properties. According to the prospectus, if the proceeds from the sale of the units amount to less than $1,450,000 and the management is then faced with a choice of acquiring either of the properties, it is planned to purchase the "Hines" property only. According to an analysis by a consulting forester, there are 36,485,000 board feet of salable timber on the Hines property; in addition, there are 63,500 cords of hardwood pulpwood.

Frank P. Hunt Offers Bargain Centers Common

Frank P. Hunt & Co., Inc., of Rochester and First City Securities, Inc., of New York City, on Feb. 3 commenced a public offering of 120,000 shares of common stock (par 10 cents) of Bargain Centers, Inc., of Martinsville, Va. at an offering price of $2.50 per share.

The proceeds of this issue are to be for heating and remodeling properties of the issuer, for the purchase of a truck and station wagon, for the opening of one new store, with inventory, and for other general corporate purposes.

This corporation, which was founded as a Delaware corporation on Sept. 29, 1958, operates, partially through its three wholly owned subsidiaries, four stores. The corporation operates its stores as discount outlets for all types of men's, women's and children's wearing apparel and accessories as well as hardware, home furnishings, luggage, sporting goods, etc. The corporation's stores are located in Martinsville, Danville and Roanoke, Va.; and Leaksville, N. C.

Giving effect to the present financing, the corporation will have 321,000 shares outstanding if all the issue is sold, out of a present authorized capitalization of 3,000,000 shares.

Walston Branch Opened

HOLLYWOOD, Fla. — Walston & Co., Inc. has opened a branch office in the Hollywood Beach Hotel under the management of George U. Robson. Mr. Robson is resident officer in the Ft. Lauderdale office.

Needed: Reconsideration of Common Trust Fund Rules

Continued from page 5

periment than a positive one of a type calculated to facilitate and foster the common trust fund's use and development. Irrespective of how burdensome the regulations may seem now, I suspect that, under all the circumstances then existing, this cautious and conservative approach probably had a beneficial effect in promoting the necessary acceptance and use of the arrangement, for it gave the many skeptics, both within and without our industry, the necessary assurances that every area of doubt had been carefully explored and properly limited.

Questions Restrictions Applicability

Developments in recent years, however, have raised a serious doubt whether a regulation conceived as an experiment and dedicated to the proposition that it is better to be too restrictive than not restrictive enough is any longer justified or responsive to the needs and circumstances of the present time.

The common trust fund has long since ceased to be an experiment. It has become a highly successful and permanent instrument of trust administration, beneficial to the public and essential to efficient and lower-cost trust operation. The growth in the acceptance and use of the common trust fund cited earlier is sufficient evidence of its success. There can be no doubt that the public has benefited greatly from the funds operated by our various trust institutions. It would be difficult, if not impossible, to estimate what the results, in terms of our customers as well as our own operations, would have been without the common trust fund.

The growth and success of the mutual funds are additional evidence of the widespread understanding and acceptance of the principle of collective investment on the part of the American public. Any fear existing at the time common trust funds were first authorized that the public might react adversely or that such an arrangement might be used to take advantage of an uninformed and unsophisticated public should have been dispelled long ago. On the contrary, there is ample evidence that the public now has a very positive attitude of understanding and approval toward the basic concepts involved.

I submit, therefore, that there is no longer any reason or justification for the imposition of rigid limitations and restrictions solely because of the novelty of the arrangement or fear of its misuse.

Please don't misunderstand. I do not mean to imply that the entire Regulation is bad or should be abandoned. What I do wish to suggest is this:

(1) The common trust fund regulations were designed and adopted under far different circumstances and conditions than those existing today.

(2) The regulatory authorities now have available to them, from which to determine the areas requiring regulation and the form such regulation legitimately should take, the experience of many trust institutions of every size and location in the operation of various types of common trust funds for a substantial period of time.

(3) The nature and character of the trust business and of the use of the trusts, as well as the incidence and impact of taxes, has undergone some fundamental and even radical changes during the 22 years in question.

(4) The authorities having the regulatory responsibility, therefore, should undertake promptly —with the counsel and assistance of this Association, if it is desired —a complete reexamination of the common trust fund regulations, including Section 10(c), prohibiting collective investment, and a reappraisal of the purposes and results properly and legitimately to be sought thereby.

I would like to suggest that if such a program is undertaken, it will reveal several significant facts. Among these are:

(1) That Sections 10(c) and 17 embody a very basic weakness, the presence of which may raise a serious question as to the Regulation's legal validity and which certainly makes these sections unnecessarily rigid—the weakness I have in mind being the failure of these two sections to recognize any right of contract.

(2) That, based on the actual operating experience we have had, the results which the existing regulations are designed to achieve are no longer justifiable as those which the Federal Reserve Authorities can properly seek in the reasonable exercise of their limited regulatory power.

(3) That there may no longer exist among Federal Reserve officials a common understanding and agreement as to what these results or goals properly should be.

(4) That a clear-cut, well defined statement of such goals is badly needed and should be adopted by these officials and incorporated in the existing or any revised Regulations.

I don't know whether all of us recognize or appreciate the full significance of the deficiencies which I think are so disclosed. I know we didn't at our bank until several years after our common trust fund had been in operation, when we decided to establish a special common trust fund for pension and profit-sharing trusts, as several other trust institutions had done. For reasons not pertinent to my paper, we wished to avoid the $100,000 limitation of Section 17 and, during the first few months of the special fund's operation at least, the 10% limitation as well. We proposed to accomplish this by express contractual authority, in much the same way as was finally permitted by the amendment of Section 10(c).

Believing that an express ruling of approval would be necessary, we took the matter up informally with members of the Federal Reserve Board's staff only to learn that they were already engrossed with the problem and having considerable difficulty in finding a solution. We then urged that the Board undertake to seek the proper solution through a comprehensive review and reappraisal of its regulations, rather than by some isolated stopgap action in the interests of expediency.

Discusses Letter Sent to FRB

In support of this suggestion, we submitted to the members of the Board's staff, first orally and later by letter, certain arguments and conclusions. Although this letter was directed to the specific problem presented by the special funds for employee trusts, I would like to discuss its contents, for I believe that the views expressed therein in support of the action we had urged are as valid and pertinent today as they were when the letter was written five years ago.

First of all, our letter urged that the review and reappraisal should be made in light of the purposes and goals of the Federal Reserve's regulatory functions. These, we suggested, could be regarded as falling within three broad areas:

(1) The maintenance of a sound and financially solvent banking system. In terms of trust powers, this would mean regulation to assure performance of these duties so as to avoid surcharge or other threat to the bank's capital funds.

(2) The responsibility to the public using a bank's fiduciary services to assure by regulation that the bank would be organized, equipped, and operated so as to render such services with skill and efficiency and with fidelity and loyalty to each account.

(3) The duty through regulation to prevent the misuse or abuse of economic power vested in a bank through its trust assets and other undesirable effects upon the economic system generally.

It was our thought then, and still is, that the common trust fund regulations, and the purposes sought thereby, should be justifiable as a means of achieving one or more of these three objectives. We also expressed the belief that, if the basic idea of collective investment is sound and beneficial and can be accomplished with the proper safeguards, its use should be encouraged so long as such use would not conflict with the third area of regulatory responsibility—preventing adverse economic effects.

Fails to See the Difference

In connection with the latter point, we explained we were unable to see much difference between the power exercisable by a bank's trust department through the investment of a large amount of money in several hundred separate accounts and the investment of the same amount of money in a common trust fund. Consequently, we were unable to see any greater justification for regulations designed to restrain the size of common trust funds than to restrain the size of the trust department in its entirety.

In regard to the problem presented by the special funds for employee trusts, our letter noted that, although these funds probably would be included within the definition of common trust funds contained in Section 17, every one concerned had recognized that a basis for distinction existed.

Such a basis, we suggested, was offered by the fact that, in the pooled plans, the parties creating the trust have expressly agreed to the collective investment vehicle and to the terms and conditions under which it is to be operated. The very difficulty of being able to draw this distinction in the light of the regulations, it seemed to us, highlighted one basic weakness of Section 17, the failure of its provisions to recognize that within certain areas regulatory conditions and limitations could properly be waived or varied by parties having the contractual power to do so.

We pointed out that such a right is recognized in other parts of Regulation F but not by Sections 10(c) or 17. We also pointed out that the recognition of such a right is not only common but is embodied in practically all of the uniform and other states laws governing the performance and operation of a trustee's duties. Most of these laws usually commence with the phrase, "Except and to the extent that the instrument under which the trust is created expressly otherwise provides, the Trustee shall . . . (or) shall not . . ."

Proper Solution Suggested

In determining the appropriate solution, we suggested: first, that the regulatory authorities must decide what limitations and conditions, if any, must be imposed irrespective of contractual rights of the parties; next, what, if any, conditions and limitations are deemed necessary or desirable in the absence of contractual provisions to the contrary; and last, but not least, what limitations and conditions of a different character need be imposed because of the regulatory authorities' responsibility in the economic field generally.

Such an approach, we felt, would lead to one of two solutions: (1) Permitting the maintenance and operation of special common trust funds pursuant to contractual arrangements; or (2) Applying some of the limitations and conditions of Section 17 to the particular participating account rather than to the common trust fund itself. Our letter expressed the conviction that the proper solution would probably be found in a combination of the two, rather than only one. The letter then offered illustrations, and I quote:

"Some of the requirements of Section 17 are obviously intended to assure equitable and impartial treatment among all of the trusts participating in a given common fund. On the other hand, some of them, such as the $100,000 limitations, would seem to be aimed more at protecting a particular trust than all of the participating trusts. Other features of the regulation would seem to have both goals as a twofold purpose. For instance, the 10% limitation could be said to be intended not only as a limitation to protect any one participating trust but also to protect all of the other participating trusts from the danger of too much dependence by the common trust fund upon one account. In this latter case, I would assume that such a limitation would have to be waived or varied, if at all, not only by the trust whose investment exceeds the 10% but by all the other trusts participating in that particular common fund."

Our letter then pointed out that the wide-scale acceptance by the public of the idea of collective investment and the successful experience of trust institutions having common funds couldn't help but lead to the conclusion that the basic principle involved is sound and beneficial; and that any objections which have been raised are aimed more to the matter of mechanics and method of operation than to the basic idea itself. It seemed to us, therefore, that the regulatory authorities should follow the course of encouraging the use of such arrangements wherever proper and appropriate and in a manner calculated to achieve the best results. It was our belief then and still is that some of the provisions of the regulation and their inflexibility tend to discourage the use of the collecture investment idea in the manner which is the most appropriate and beneficial.

Concluding Suggestion

The letter then concluded by suggesting that the ideal approach would be to have one or more separate funds solely for investment in each of the principal investment media normally used by a fiduciary, such as a tax-exempt bond fund, a fixed-income fund of taxable securities, and a common stock fund. This, we felt, would enable the bank to formulate and carry into execution separate investment programs to suit the precise needs and circumstances of each account and still have the benefits of collective investment. As now operated, most common funds require a single investment program representing a compromise of the diverse needs and circumstances of many different and unrelated accounts.

I hardly need tell you that no review or reappraisal, as urged in the letter, was ever undertaken. As you know, the problem, concerning the special pooled funds for employee trusts, was resolved by excepting these funds from the prohibition against commingling contained in Section 10(c) and from all of the provisions of Section 17 governing the operation of common trust funds. I still can't believe that this was the proper solution of the problem or that it was in the best interests of our industry in the long run for the regulatory authorities to abdicate their responsibilities any more than it would be for them to have regulated excessively.

Finds Inconsistency

I must confess that I am unable to see any logical justification for a position which on the one hand permits a bank to maintain for employee trusts, virtually unregulated, a collected fund having nearly all the basic characteristics of a common trust fund but which on the other hand subjects the very same bank, in operating a similar fund not limited to employee trusts, to a series of restrictive regulations even though contractually waived by the participating trusts.

The inconsistency doesn't end there. The bank can advertise the first of these funds without any regulatory restraints whatever, where it is subject to considerable supervision in advertising its common trust fund. I don't know whether the Federal Reserve authorities feel that employee trusts bring out only the best in us or that such trusts are unlike other trusts and need no protection.

Actually, there is no more reason to supervise common trust fund advertising than to supervise all trust institution advertising. I don't believe I have ever seen an advertisement of any trust institution which I felt was in deliberate bad taste or was deceptive or misleading. After all, we must eventually live for a long, long time in very close relationship with the customers we solicit and their families and to account in detail for what we have and have not accomplished. There is no room in our industry for false or misleading advertising, nor for any exaggerated claims as to the results we can achieve—and we all know it.

These are but two of the anomalous results produced by the contrasting ways in which the special funds for employee trusts and common trust funds are dealt with in the regulations.

At about the same time the special pooled funds for employee trusts were authorized, the Federal Reserve Board reaffirmed and made abundantly clear its position with respect to the failure of Sections 10(c) and 17 to recognize any right of contract. This was done in response to our bank's request for a ruling.

As trustee, we had been directed, by persons having the power to do so, to combine the funds of a large number of burial trusts held upon identically the same terms pursuant to express permissive authority contained in each trust instrument. The Board's reply to our request indicated that compliance with the direction to commingle would be violative of its regulatory prohibition — presumably even though refusal to do so might constitute a breach of the trustee's duties. Actually, what the Board did was to write advising that no ruling was necessary, since the prohibition in Section 10(c) meant exactly what it said.

Although nothing further was done with respect to the ruling and although no exhaustive investigation of the law was made, all of us, including our counsel, had considerable doubt whether the Federal Reserve Board had the authority by regulation to require us to ignore—or, in effect, to really breach, if you will—the terms of our trust. We still entertain this doubt. Since Sections 10(c) and 17 are like in this respect—of failing to recognize any right of contract—we have ac-

cordingly felt their legal validity might be open to question.

Some may feel that I have dealt too harshly with the Federal Reserve here. As a former counsel for one of the Reserve Banks and Secretary for the conference of the Presidents of all 12 banks, I came to have a very high regard for the System, its personnel, and the manner in which it conducts its affairs. I found virtually all of the Board's officials usually quite sympathetic toward the problems of our industry and most anxious to exercise their supervisory and regulatory authority sparingly and with a minimum of interference and friction. I think every one will agree that no agency of our Federal Government has ever enjoyed a better working relationship with the industry it is required to supervise and regulate.

Inexplicable Reason

For some inexplicable reason, however, a much different attitude seems to have existed at the Board with regard to common trust funds and their regulation—or I might say in regard to the whole problem of commingled trusts. Almost every effort made by this Association and its individual members to obtain a less rigid and more realistic, modern approach to the regulation of common trust funds has been rebuffed. Worse yet, the Board's action in these cases seemed to reflect the same attitude of reservation and doubt toward common trust funds and fear of their misuse, which existed 22 years ago with some justification but for which there is no longer justification today. As an example, for more than five years the Common Trust Fund Committee sought in vain to obtain consideration of and action upon two proposed changes in the Regulations, without the slightest success. Recently a decision was insisted upon and finally obtained—in both cases most unfavorable.

It would seem that we have not been as effective as we should have been in our efforts to acquaint members of the Board's staff with the need and justification for a basic change in the Board's attitude toward collective investment arrangements and their regulation; for I can't help but believe that the Board would agree with our position — or at least with the desirability of taking a new look at the whole problem — if all the facts were properly presented. Perhaps a better way can be found to present our story to the Board and its staff. Certainly one thing is true: little progress has been made up to this time.

I have already indicated the results — or rather the lack of results — produced by the letter, portions of which were quoted here. I can hope only that the opportunity for more widespread dissemination of these views may accomplish what the letter and other efforts have not.

*An address by Mr. Young before the 41st Mid-Winter Trust Conference sponsored by the Trust Division of the American Bankers Association, New York City, Feb. 9, 1960.

Now With Westheimer

(Special to THE FINANCIAL CHRONICLE)

LANCASTER, Ohio — George D. Rogers has become affiliated with Westheimer and Company, 125 N. Columbus Street. Mr. Rogers was formerly with Gallagher-Roach & Co.

With Federated Investors

PITTSBURGH, Pa. — Kenneth W. Booth has joined Federated Investors, Inc., 719 Liberty Avenue, as a divisional manager.

John Raiss

John Raiss passed away January 31st at the age of 50. Mr. Raiss was a partner of Burnham and Company.

STATE OF TRADE AND INDUSTRY

Continued from page 4

ary to mid-February. Yields on all maturities of Treasury securities declined substantially and yields on other bonds declined moderately. The yield on three-month bills dropped from a peak of 4.68% in early January to a low of 3.55% in early February, and then recovered to around 4% at mid-month.

Bank Clearings Up 8.3% Over Same Week Last Year

Bank clearings this week show an increase compared with a year ago. Preliminary figures compiled by "The Chronicle," based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Feb. 20, clearings from all cities of the United States from which it is possible to obtain weekly clearings will be 8.3% above those for the corresponding week last year. Our preliminary totals stand at $29,401,830,553 against $27,149,-010,507 for the same week in 1959. Our comparative summary for the leading money centers during the past week follows:

Week End. Feb 19—	000 omitted 1960	1959	%
New York	$15,670,513	$13,975,209	+ 12.1
Chicago	1,613,761	1,364,352	+ 18.3
Philadelphia	1,330,000	1,201,000	+ 10.7
Boston	802,972	802,152	+ 0.1

Steel Inventory Accumulation Tapering Off

The steel market has returned to normal, with users placing orders to meet their production requirements, "The Iron Age" reports.

The national metalworking weekly comments that most consumers have either workable inventories in hand or enough orders placed to cut the danger of production cutbacks.

Moderate inventory accumulation will continue into April or May. But after that, steel orders may be below the rate of consumption. As a result, a steel operating rate of 80% of capacity can be expected in the third quarter, "The Iron Age" estimates.

Second quarter operations will average between 84% and 88%, and could slide off to as low as 82% by the end of the period.

Because of the expected slowdown of production, "The Iron Age" has revised its estimate of steel production for the year to 120 million to 125 million ingot tons. This is down from original estimates of 127 million to 130 million tons.

But the revised estimate is well over the previous record steel production of 117 million tons set in 1955, the magazine points out.

Steel consumption is still at a high rate. But because of record shipments and some business uncertainty, users are taking their time in ordering steel. In addition, deferments and cutbacks in orders are becoming more frequent.

The magazine comments that the market has taken on a regional note. Cutbacks have been more serious in Chicago, which only recently was the tightest market area. On the other hand, Cleveland, with a heavy automotive market, is one of the strongest. To date, automotive cancellations have had little effect, although this situation may change rapidly.

Steelmakers Reappraise 1960 Production Goals

Steelmakers are reappraising their production goals for 1960, "Steel," the metalworking weekly, reports.

Most producers now believe that the year's output will be between 120 million and 125 million ingot tons. The earlier estimate, 130 million tons, is now regarded as optimistic.

While market analysts are a little less exuberant than they were five to six weeks ago, they are still looking for a banner year. They expect the previous production record (117 million in 1955) to be beaten by a wide margin.

They are concerned that customers may talk themselves into a recession. As steelmakers see it, there's too much pessimism about new car sales too early in the year. There's too much viewing with alarm the news that mills are catching up with their backlogs and won't run at full tilt forever.

Industry specialists believe that a drop of less than 5% in estimated output should not frighten anybody. It certainly doesn't spell recession.

Commercial research men based their original forecast (130 million tons, roughly equivalent to 97.5 million tons of finished steel products) on the belief that users would chew up about 85.5 million tons and increase inventories by 12 million. They've lowered their sights because:

Inventories apparently weren't as depleted at the start of the year as originally believed. On Jan. 1, users probably had 10 million to 11 million tons of steel, instead of 9 million.

Stockpiles are being rebuilt more rapidly than expected.

Users don't want to carry as much steel in stocks, since there's no danger of strikes or shortages through June, 1962.

Steel consumption in some lines, especially autos and appliances, may be somewhat less than anticipated.

Last week, mills operated at 94.5% of capacity, up 0.2 point from the previous week's revised rate. Output about 2,693,000 ingot tons.

Paradoxically, "Steel's" composite price on No. 1 heavy melting scrap dropped $1.83 to $39.67 a gross ton, lowest since September. A year ago, it was $42.50.

Prices on imported steel from Western Europe have declined further. Deformed bars are off almost $13 a ton. Bar size angles, structural angles, I-beams, and channels are down $6. Plates, merchant bars, and barbed wire also are off $6 a ton while nails are quoted $4 a ton lower. More declines are expected by midsummer.

Metal furniture makers have a bright future, "Steel" reported. This year's shipments are expected to reach $636.5 million. By 1970, they'll hit $1.2 billion.

Office furniture makes up 80% of output. But demand for dinette and summer and casual furniture is growing because of the trend to suburban living.

Materials used in the furniture are changing, with aluminum making the biggest inroads in what used to be an exclusive steel (or wrought iron) market.

This Week's Steel Output Based On 93.7% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *166.3% of steel capacity for the week beginning Feb. 22, equivalent to 2,671,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compare with the actual levels of *166.5% and 2,674,000 in the week beginning Feb. 15.

Actual output for the week beginning Feb. 15 was equal to 93.8% of the utilization of the Jan. 1, 1960 annual capacity of 148,570,970 net tons. Estimated percentage for this week's forecast based on that capacity, is 93.7%.

A month ago the operating rate (based on 1947-49 weekly production) was *169.1% and production 2,717,000 tons. A year ago the actual weekly production was placed at 2,560,000 tons, or *156.0%.

*Index of production is based on average weekly production for 1947-49.

Record Steel Tonnage Forged in January

Blast furnaces in the United States produced a record 7,830,097 net tons of pig iron and ferroalloys, the highest tonnage reported for any month, during January, according to American Iron and Steel Institute. That total compares with the former high of 7,747,996 tons produced in May, 1959, and with 7,638,359 tons during December last year.

To make the record tonnage, blast furnaces were operated at 95.5% of capacity.

Carloadings Advance 2.3% Above Corresponding 1959 Week

Loading of revenue freight for the week ended Feb. 13, 1960, totaled 580,103 cars, the Association of American Railroads announced. This was an increase of 12,915 cars or 2.3% above the corresponding week in 1959 and an increase of 46,917 cars or 8.8% above the corresponding week in 1958.

Loadings in the week of Feb. 13, were 7,830 cars or 1.3% below the preceding week.

There were 10,696 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended Feb. 6, 1960 (which were included in that week's over-all total). This was an increase of 3,555 cars or 49.8% above the corresponding week of 1959 and 6,061 cars or 130.8% above the 1958 week. Cumulative loadings for the first 5 weeks of 1960 totaled 48,940 for an increase of 15,739 cars or 47.4% above the corresponding period of 1959, and 26,453 cars or 117.6% above the corresponding period in 1958.

Intercity Truck Tonnage Up 3.1% Above 1959 Week

Intercity truck tonnage in the week ended Feb. 13, was 3.1% ahead of that of the corresponding week of 1959, the American Trucking Associations, Inc., announced. Truck tonnage was 5.1% below that of the previous week of this year. The week-to-week decrease is partially attributable to the Lincoln's Birthday holiday in some areas and to adverse weather conditions in others.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Research Department. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

Electric Output 7.3% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Feb. 20, was estimated at 14,226,000,000 kwh., according to the Edison Electric Institute. Output was 155,000,000 kwh. above that of the previous week's total of 14,071,000,000 kwh. but showed a gain of 967,000,000 kwh., or 7.3% above that of the comparable 1959 week.

Lumber Shipments 4.60% Above 1959 Week

Lumber shipments of 465 mills reporting to the National Lumber Trade Barometer were 7.6% below production during the week ended Feb. 13, 1960. In the same week new orders of these mills were 11.1% below production. Unfilled orders of reporting mills amounted to 36% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 19 days' production at the current rate, and gross stocks were equivalent to 50 days' production.

For the year-to-date, shipments of reporting identical mills were 6.6% below production; new orders were 9.5% below production.

Compared with the previous week ended Feb. 6, 1960, production of reporting mills was 3.2% above; shipments were 6.1% above; new orders were 2.5% below. Compared with the corresponding week in 1959, production of reporting mills was 11.6% above; shipments were 4.6% above; and new orders were 4.7% below.

Business Failures Down Moderately

Commercial and industrial failures declined to 289 in the week ended Feb. 18 from 317 in the preceding week, reported Dun & Bradstreet, Inc. At the lowest level in three weeks, casualties also fell moderately below the 310 occurring in the similar week last year and the 317 in 1958. As well, failures were off fractionally, 1%, from the prewar toll of 293 recorded in the comparable week of 1939.

Casualties involving liabilities of $5,000 or more turned down to 241 from 286 in the previous week and from 268 in the corresponding week a year ago. In contrast, small failures, those with liabilities under $5,000, rose to 48 from 31 a week earlier and 42 last year. Liabilities exceeded $100,000 for 29 of the week's casualties, the same number as in the preceding week.

The toll among retailers dropped to 140 from 164, among wholesalers to 19 from 33, and among construction contractors to 42 from 52. On the other hand, increases prevailed during the week in manufacturing where casualties edged to 53 from 49 and in commercial services where they climbed to 35 from 19. More concerns succumbed than last year in construction and services, but other industry and trade groups had lower tolls than in 1959. The most noticeable decline from a year ago occurred in wholesaling.

Six of the nine major geographic regions reported fewer failures in the week just ended. The toll in the Middle Atlantic States fell to 87 from 119, and in the South Atlantic to 31 from 43; the dips were milder in other areas. Three regions suffered contrasting increases: the East North Central States where failures rose to 51 from 41, the Mountain States up to 9 from 4, and the Pacific States where the toll jumped to 70 from 55 a week earlier. In these three regions, business mortality exceeded 1959 levels, while failures ran below last year in other regions.

January Business Failures Heaviest Since June 1959

Business failures rose 9% in January to 1,181, the highest toll since June of last year. However, the upturn was milder than the usual seasonal, and casualties remained below the level set in January 1959 and 1958. Concerns were failing at an apparent annual rate of 51.0 per 10,000 listed businesses—fractionally below the rate of 51.1 a year ago but slightly above December.

Dollar liabilities involved in the month's failures totalled $53.7 million, some 10% below the volume in December and 27% short of the peak $73.6 in the previous January when sizable casualties in retail apparel boosted the total.

Tolls climbed noticeably between December and January among retailers and construction contractors. The retailing rise was concentrated in apparel and in furniture. In the latter line, casualties almost doubled their month-earlier level. On the other hand, manufacturing and wholesaling failures fell off in the initial month of 1960. The wholesaling toll stood at a seven-month low, with the downturn largely in the machinery trade.

Population Around Cities Shows Greatest Increase

Population growth in metropolitan areas accounted for two-thirds of the increase in the civilian population of the United States between April, 1950 and April, 1959, according to survey results published now by the Bureau of the Census, U. S. Department of Commerce. Ninety-five percent of

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the population increase in the metropolitan areas took place outside the central cites in these areas.

The civilian population of the country increased from 149.6 million to 173.7 million, or by 16.1%, between 1950 and 1959. During the same time, the population of the 168 standard metropolitan statistical areas of 1950 grew from 83.8 million to 99.9 million, or by 19.2%. The population in the outlying parts of these metropolitan areas increased from 34.7 million to 50.0 million (44.3%), while the population of the central cities within the metropolitan areas increased from 49.1 million to 49.9 million, or by only 1.5%—indicating that some of these cities may show a loss in the April 1960 census. In 1950 nearly three out of every five persons in the metropolitan population were residents of central cities; by 1959, the number of persons living within and outside the central cities was about the same.

The rural-nonfarm population of the United States increased by 18.3 million (63.9%) in the 1950-1959 period—from 28.7 million to 47 million. In both metropolitan and non-metropolitan areas, persons living off farms in rural territory had the largest rates of gain, 117.1 and 42.7%, respectively. Much of this increase was in newly developed areas which will be classified as urban for the 1960 census.

The urban population also gained between 1950 and 1959, but by only 9.5%, while the rural-farm population continued its long-term decline with a loss of more than three million in the nine year period.

Wholesale Food Price Index Unchanged From Week Earlier

At $5.77 on Feb. 16, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., was unchanged from the prior week. There was a decline of 6.3% from the $6.16 of the corresponding week a year ago.

Higher in wholesale price this week were wheat, rye, bellies, lard, cottonseed oil, cocoa, eggs, and hogs. Commodities quoted lower were flour, corn, oats, beef, hams, butter, sugar, and raisins.

The Index represents the sum total of the price per pound of 31 raw foodstuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Dips to Lowest Level Since June 1955

There was a fractional decline in the general commodity price level in the latest week, reflecting price declines on some grains, coffee, steers, and steel scrap. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 272.09 (1930-1932 = 100) on Thursday, Feb. 18, the lowest level since June 8, 1955 when it was 271.91. On Friday the index was 272.48 compared with 273.28 at the beginning of the week and 275.73 on the corresponding date a year ago.

Corn supplies were plentiful and buying was weak last week holding prices slightly below those of a week earlier. There was a moderate decline in oats prices as trading slackened. Transactions in wheat moved up appreciably during the week and prices were moderately higher. Sizable sales of wheat were made to Poland, Uruguay, and the United Arab Republic.

Purchases of rye were sluggish, but prices remained close to the prior week. Soybean trading picked up at the end of the week offsetting sluggishness in the meal market, and prices were steady.

Except for some scattered fill-in buying, flour trading was slow last week. However, a sizable purchase by the United Arab Republic was expected early this week. Flour prices showed little change throughout the week.

Both domestic and export buying of rice picked up from the prior week, and prices were steady. A large sale was made to Peru, and negotiations for exports were pending with India, Pakistan, and Ceylon.

Despite some scattered orders, a fractional dip in coffee prices occurred. There was a slight rise in cocoa prices during the week as trading picked up. Cocoa stocks at New York on Feb. 19 came to 93,780 bags, compared with 56,908 a year earlier. Arrivals of cocoa in the United States totaled 423,723 for the year to date, compared with 482,603 in the corresponding period a year ago. Domestic sugar trading was dull and prices were unchanged from a week earlier.

There was a slight dip in steer prices and buying remained close to the prior week. Cattle receipts in Chicago were steady. Trading in hogs moved up appreciably and prices were somewhat higher. A slight increase occurred in volume in lambs, and prices matched those of a week earlier.

Prices on the New York Cotton Exchange were steady to somewhat higher last week and trading was close to the prior week. United States exports of cotton during the week ended last Tuesday came to 310,000 bales, compared with 159,000 a week earlier and 79,000 in the comparable period last year. For the current season through Feb. 16, exports came to 3,303,000 bales, compared with 1,555,000 during the similar period last season.

Lincoln's Birthday Promotions Boosted Last Week's Retail Trade

Although snowy weather cut gains in the midwest, Lincoln's Birthday sales promotions helped retail trade rise somewhat from both the prior week and a year ago. Year-to-year increases in household goods were more noticeable than in apparel. Best-sellers were furniture, appliances, and draperies. There was a moderate rise in sales of new passenger cars and appreciable year-to-year gains were posted, according to scattered reports.

The total dollar volume of retail trade in the week ended Feb. 17 was unchanged to 4% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: Middle Atlantic +4 to +8; New England +1 to +5; West North Central, West South Central, and Pacific Coast 0 to +4; East North Central, South Atlantic, and East South Central —1 to +3; Mountain —2 to +2.

Attracted by numerous Lincoln's Birthday sales promotions, shoppers stepped up their buying of furniture this week; interest centered primarily on upholstered living room merchandise and case goods. Volume in appliances was up appreciably from last year, with principal gains in television sets, lamps, and refrigerators. There was a marked rise from a week earlier in sales of air conditioners. While the call for draperies was well over a year ago, purchases of linens and floor coverings showed little change.

Volume in women's apparel fractionally exceeded that of the similar 1959 week. Valentine's Day promotions spurred interest in fashion accessories, particularly scarfs, jewelry, and handbags. There were slight year-to-year gains in cloth coats and dresses and the call for resortwear matched that of a year ago. There was little change from last year in men's wear; shoppers were more interested in furnishings than in suits and overcoats.

Food sales remained close to a week earlier, despite gains in candy due to Valentine's Day. Grocers reported little change in volume in canned goods, frozen foods, dairy products, and baked goods.

Re-orders for women's Spring dresses, sportswear, suits, and bridal wear remained at the high levels of a week earlier, and volume was well over a year ago. Although the buying of women's Summer dresses moved up from the prior week, sales were a little disappointing to most wholesalers. Interest in women's Spring handbags and shoes was up slightly from a year ago. The call for men's Spring suits and furnishings matched that of a week earlier, and slight year-to-year gains occurred. Wholesalers of children's clothing again reported moderate increases from last year in Spring merchandise.

Orders for gifts, china, and dinnerware were up appreciably from last year in San Francisco and Chicago this week, especially for better-priced merchandise. Exhibitors at the first Dallas Housewares Show were a little disappointed in order volume, but they expect better traffic and volume at the next one planned for next Fall. Despite some scattered reorders for outdoor tables and chairs and case goods, over-all furniture volume lagged at wholesale. Interest in appliances, floor coverings, and draperies showed little change from the prior week.

Except for a slight rise in trading in print cloths, over-all volume in cotton gray goods lagged. Another noticeable rise occurred in transactions in industrial fabrics and man-made fibers. While purchases of woolens and worsted lagged in Boston, bookings in carpet wool were unchanged from a week earlier. The buying of burlap moved up appreciably from the preceding week. There was a moderate decline in incoming orders at mid-Atlantic dyeing and finishing plants.

A moderate rise occurred this week in volume in canned goods, especially vegetables, and supplies in some lines were limited at wholesale. There was a fractional rise in purchases of fresh meat, while the call for poultry, butter, cheese, and eggs showed no change from a week earlier. In preparation for the approaching Lenten season, buyers stepped up their purchases of rice.

Nationwide Department Store Sales Up 4% for Feb. 13 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended Feb. 13, 1960, increased 4% above the like period last year. In the preceding week, for Feb. 6, an increase of 3% was reported. For the four weeks ended Feb. 11 a 5% increase was registered over the same period in 1958.

According to the Federal Reserve System department store sales in New York City for the week ended Feb. 13 increased 10% over the like period last year. In the preceding week ended Feb. 6, sales increased 7% over the like period last year. For the four weeks ending Feb. 13 an 8% increase was reported over the 1959 period, and from Jan. 1 to Feb. 13 a 7% increase was recorded.

Delafield Wire to Albany

Delafield & Delafield, 14 Wall Street, members of the New York Stock Exchange, has installed private wire connections with First Albany Corporation of Albany, New York, also members of the Exchange.

Lehman Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Alan G. Johnson has become associated with Lehman Brothers, 39 South La Salle Street. Mr. Johnson was formerly with First National Bank of Chicago.

Setting the Sights High

"We cannot progress toward disarmament, against the present background of a wide spectrum of complex weapons, merely by repeating or endorsing hollow slogans such as 'ban the bomb,' 'give up foreign bases' or 'cut armed forces by one-third.'

Christian A. Herter

* * *

"Progressive, gradual and balanced reductions in national military forces can and should be accomplished. Manpower ceilings should be placed on national forces, and designated quantities of conventional armaments transferred to international custody.

"These measures to create a stable military environment would be the first stage in our approach to disarmament.

* * *

"To assure a world of peaceful change, we should project a second stage of general disarmament. Our objective in this second stage should be twofold:

"First, to create certain universally accepted rules of law which, if followed, would prevent all nations from attacking other nations. Such rules of law should be backed by a world court and by effective means of enforcement — that is, by international armed force.

"Second, to reduce national armed forces, under safeguarded and verified arrangements, to the point where no single nation or group of nations could effectively oppose this enforcement of international law by international machinery." — Secretary of State, Christian A. Herter.

This, of course, is the traditional conventional concept of world disarmament and universally accepted international law—a sketch of international Utopia. Mr. Khrushchev's grandchildren — along with our own—may live under some such world organization or perhaps we had better say great, great grandchildren. But the rampant nationalism of today will not give up easily, of that we may be certain.

Investment Banking Institute To Hold 8th Annual Session

WASHINGTON, D. C. — The eighth annual session of the Institute of Investment Banking is scheduled for the week of April 10-15 in Philadelphia, it was announced by James J. Lee, W. E. Hutton & Co., New York, President, Investment Bankers Association of America. Announcement Folders and Application Forms are now being mailed to member organizations.

Sponsored by the Association in cooperation with the Wharton School of Finance and Commerce, University of Pennsylvania, the Institute is this year offering the 10th annual executive development program for officers, partners, and other seasoned personnel of IBA member organizations. The Institute was organized in 1953 as an outgrowth of the one-year terminal programs of the Investment Banking Seminars conducted by the same sponsors in 1951 and 1952.

Applicants must have had at least three years experience in the securities business or be at least 30 years of age. Registrants attend the Institute for a week each spring for three years and upon completion of the program receive a Certificate of Merit in recognition of their specialized training in the investment banking business. It is expected that about 60 certificates will be awarded at the graduation exercises on Friday, April 15.

The essay requirement instituted in 1958 is being continued, according to Robert O. Shepard, President, Prescott, Shepard and Co., Inc., Cleveland, Chairman of the IBA Education Committee. Registrants in the first- and second-year classes are required to submit an essay of 2,000 words if they wish to continue in the Institute program. Writers of the winning Institute essay in each of the three classes are awarded cash prizes totaling $1,000. In addition, the essay winners are invited to attend the Annual Convention of the Association where they are presented to the delegates and their manuscripts are published for distribution.

The Institute has been growing in popularity year after year. More applications are received than can be accepted and applicants in excess of the quota are given preference for future enrollment. Because of the number of preferred applicants carried over from last year and the advance interest shown in the 1960 session, Mr. Shepard noted, applications are expected to exceed the capacity again this year.

Official application forms are being mailed only to the main office of each IBA member organization. Applications for branch office personnel should be channeled through the main office of the Member. Applications should reach the IBA Washington office by Wednesday, March 2.

A copy of the Announcement Folder or additional information on the Institute may be obtained from Erwin W. Boehmler, Educational Director, Investment Bankers Association of America, 425 13th Street, N. W., Washington 4, District of Columbia.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Feb. 27	§93.7	*93.8	95.4	88.5
Equivalent to—					
Steel ingots and castings (net tons)	Feb. 27	§2,671,000	*2,674,000	2,717,000	2,506,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Feb. 12	7,256,410	7,292,810	7,146,410	7,154,820
Crude runs to stills—daily average (bbls.)	Feb. 12	¶8,077,000	8,199,000	8,302,000	7,954,000
Gasoline output (bbls.)	Feb. 12	28,266,000	29,050,000	29,084,000	26,762,000
Kerosene output (bbls.)	Feb. 12	2,483,000	2,368,000	2,724,000	2,952,000
Distillate fuel oil output (bbls.)	Feb. 12	12,363,000	13,696,000	13,667,000	15,420,000
Residual fuel oil output (bbls.)	Feb. 12	7,178,000	7,634,000	7,127,000	7,354,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Feb. 12	208,908,000	206,418,000	196,514,000	200,120,000
Kerosene (bbls.) at	Feb. 12	23,709,000	24,288,000	26,583,000	19,953,000
Distillate fuel oil (bbls.) at	Feb. 12	118,340,000	121,521,000	138,539,000	88,255,000
Residual fuel oil (bbls.) at	Feb. 12	48,038,000	47,673,000	51,263,000	55,646,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Feb. 13	580,103	587,933	605,757	567,188
Revenue freight received from connections (no. of cars)	Feb. 13	547,064	566,123	554,377	541,792
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Feb. 18	$342,200,000	$374,800,000	$372,900,000	$398,333,000
Private construction	Feb. 18	180,500,000	200,000,000	203,500,000	211,894,000
Public construction	Feb. 18	161,700,000	174,800,000	169,400,000	186,439,000
State and municipal	Feb. 18	108,500,000	147,800,000	100,800,000	138,189,000
Federal	Feb. 18	53,200,000	27,000,000	68,600,000	48,250,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Feb. 13	8,355,000	*8,470,000	8,825,000	8,175,000
Pennsylvania anthracite (tons)	Feb. 13	345,000	383,000	440,000	366,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Feb. 13	115	111	121	111
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Feb. 20	14,226,000	14,071,000	14,523,000	13,259,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Feb. 18	289	317	302	310
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Feb. 16	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Feb. 16	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	Feb. 16	$39.17	$40.58	$41.83	$43.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Feb. 17	32.900c	33.125c	33.450c	29.700c
Export refinery at	Feb. 17	32.350c	33.150c	31.725c	28.750c
Lead (New York) at	Feb. 17	12.000c	12.000c	12.000c	11.500c
Lead (St. Louis) at	Feb. 17	11.800c	11.800c	11.800c	11.300c
‡Zinc (delivered) at	Feb. 17	13.500c	13.500c	13.500c	12.000c
Zinc (East St. Louis) at	Feb. 17	13.000c	13.000c	13.000c	11.500c
Aluminum (primary pig. 99.5%) at	Feb. 17	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	Feb. 17	101.750c	101.000c	99.625c	102.625c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Feb. 23	83.09	83.58	81.02	86.29
Average corporate	Feb. 23	84.04	83.91	83.28	89.92
Aaa	Feb. 23	88.27	88.40	87.32	93.97
Aa	Feb. 23	86.51	86.24	85.07	92.64
A	Feb. 23	83.40	83.40	83.03	89.92
Baa	Feb. 23	78.55	78.32	77.97	83.66
Railroad Group	Feb. 23	82.03	81.78	81.17	88.95
Public Utilities Group	Feb. 23	84.17	84.04	83.03	89.51
Industrials Group	Feb. 23	86.11	86.11	85.59	91.34
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Feb. 23	4.25	4.21	4.48	3.80
Average corporate	Feb. 23	4.86	4.87	4.92	4.42
Aaa	Feb. 23	4.54	4.53	4.61	4.14
Aa	Feb. 23	4.67	4.69	4.78	4.23
A	Feb. 23	4.91	4.91	4.94	4.42
Baa	Feb. 23	5.31	5.33	5.36	4.89
Railroad Group	Feb. 23	5.02	5.04	5.09	4.49
Public Utilities Group	Feb. 23	4.85	4.86	4.94	4.45
Industrials Group	Feb. 23	4.70	4.70	4.74	4.32
MOODY'S COMMODITY INDEX	Feb. 23	369.5	375.4	379.7	382.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Feb. 13	304,815	352,417	314,647	289,084
Production (tons)	Feb. 13	325,402	320,887	324,592	310,348
Percentage of activity	Feb. 13	96	96	97	94
Unfilled orders (tons) at end of period	Feb. 13	466,834	489,216	447,667	409,012
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Feb. 19	111.21	111.48	111.62	110.70
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Jan. 29	1,988,940	2,077,600	2,070,460	2,770,520
Short sales	Jan. 29	261,510	337,950	220,810	409,290
Other sales	Jan. 29	1,773,290	1,744,480	1,802,270	2,365,440
Total sales	Jan. 29	2,034,800	2,082,430	2,023,080	2,774,730
Other transactions initiated off the floor—					
Total purchases	Jan. 29	260,410	314,530	331,530	542,440
Short sales	Feb. 29	29,050	44,300	14,810	44,600
Other sales	Jan. 29	336,250	312,280	297,540	524,180
Total sales	Jan. 29	365,300	356,580	312,350	568,780
Other transactions initiated on the floor—					
Total purchases	Jan. 29	638,935	685,350	717,825	770,670
Short sales	Jan. 29	110,440	98,420	86,660	106,770
Other sales	Jan. 29	657,110	659,434	619,383	964,226
Total sales	Jan. 29	767,550	757,854	706,043	1,070,996
Total round-lot transactions for account of members—					
Total purchases	Jan. 29	2,888,285	3,077,480	3,119,815	4,083,630
Short sales	Jan. 29	401,000	480,670	322,280	560,660
Other sales	Jan. 29	2,766,650	2,716,194	2,719,193	3,853,846
Total sales	Jan. 29	3,167,650	3,196,864	3,041,473	4,414,506
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Jan. 29	1,893,773	1,973,226	1,535,093	2,019,354
Dollar value	Jan. 29	$74,288,387	$99,080,818	$77,675,354	$102,617,671
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Jan. 29	1,458,678	1,430,227	1,350,698	1,715,674
Customers' short sales	Jan. 29	11,733	9,329	4,306	7,136
Customers' other sales	Jan. 29	1,446,945	1,420,898	1,346,392	1,708,538
Dollar value	Jan. 29	$72,881,528	$71,116,925	$63,931,822	$86,131,861
Round-lot sales by dealers—					
Number of shares—Total sales	Jan. 29	351,430	305,700	322,730	466,120
Short sales	Jan. 29	------	------	------	------
Other sales	Jan. 29	351,430	305,700	322,730	466,120
Round-lot purchases by dealers— Number of shares	Jan. 29	741,330	848,530	510,590	744,010
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Jan. 29	519,970	570,610	372,180	697,830
Other sales	Jan. 29	13,982,300	14,059,640	13,278,090	19,323,890
Total sales	Jan. 29	14,502,270	14,630,250	13,650,270	20,021,720
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Feb. 16	119.2	119.2	119.3	119.4
Farm products	Feb. 16	86.8	87.0	86.6	91.0
Processed foods	Feb. 16	105.6	105.5	106.1	107.8
Meats	Feb. 16	91.5	90.8	92.5	100.1
All commodities other than farm and foods	Feb. 16	128.6	128.6	128.7	127.6

*Revised figure. ¶Includes 955,000 barrels of foreign crude runs. §Based on new annual capacity of 148,570,970 tons as of Jan. 1, 1960 as against Jan. 1, 1959 basis of 147,633,670 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—			
Month of January (000's omitted)	$230,100,000	$261,121,000	$221,953,000
BANKER'S DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of Jan. 30:			
Imports	$340,517,000	$357,061,000	$250,974,000
Exports	336,723,000	309,418,000	345,691,000
Domestic shipments	35,104,000	35,382,000	13,015,000
Domestic warehouse credits	122,954,000	126,529,000	155,009,000
Dollar exchange	149,381,000	73,680,000	118,270,000
Based on goods stored and shipped between foreign countries	244,723,000	249,087,000	249,694,000
Total	$1,229,402,000	$1,151,157,000	$1,132,653,000
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of January:			
Manufacturing number	210	231	215
Wholesale number	98	119	132
Retail number	587	478	642
Contruction number	193	163	188
Commercial service number	93	89	96
Total number	1,181	1,080	1,273
Manufacturers' liabilities	$16,324,000	$23,822,000	$17,062,000
Wholesale liabilities	6,274,000	8,766,000	8,472,000
Retail liabilities	15,951,000	13,443,000	33,197,000
Construction liabilities	11,993,000	10,453,000	8,274,000
Commercial service liabilities	3,129,000	3,072,000	6,559,000
Total liabilities	$53,671,000	$59,556,000	$73,564,000
CONSUMER PRICE INDEX—1947-1949=100—			
Month of December:			
All items	125.5	125.6	123.7
Food	117.8	117.9	118.7
Food at home	115.0	115.1	116.8
Cereal and bakery products	134.5	134.2	134.0
Meats, poultry and fish	106.6	107.9	113.0
Dairy products	116.7	116.0	114.3
Fruits and vegetables	125.5	123.4	120.1
Other food at home	105.4	106.4	110.7
Food away from home (Jan. 1953=100)	117.3	117.2	113.6
Housing	130.4	130.4	128.2
Rent	140.8	140.5	138.7
Gas and electricity	122.7	121.7	118.2
Solid fuels and fuel oil	137.3	135.9	137.0
Housefurnishings	104.2	104.4	103.6
Household operation	135.5	135.4	132.8
Apparel	109.2	109.4	107.5
Men's and boys'	109.1	109.1	108.4
Women's and girls'	100.3	100.9	100.2
Footwear	139.7	139.2	130.4
Other apparel	93.1	93.3	92.3
Transportation	148.7	149.0	144.3
Private	137.5	137.9	133.3
Public	192.2	196.0	191.8
Medical care	153.2	153.0	147.3
Personal care	132.9	132.7	129.0
Reading and recreation	120.4	120.0	116.9
Other goods and services	131.7	131.0	127.3
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of January:			
Weekly earnings—			
All manufacturing	$92.52	*$91.94	$87.38
Durable goods	100.94	*99.87	94.94
Nondurable goods	80.57	81.19	77.81
Hours—			
All manufacturing	40.4	40.5	39.9
Durable goods	41.2	*41.1	40.4
Nondurable goods	39.3	39.8	39.3
Hourly earnings—			
All manufacturing	$2.29	*$2.27	$2.19
Durable goods	2.45	*2.43	2.35
Nondurable goods	2.05	2.04	1.98
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of Jan.:			
Seasonally adjusted	112	109	100
Unadjusted	111	107	100
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of January	£35,970,000	£34,471,000	£41,388,000
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of January (in billions):			
Total personal income	$393.3	*$392.1	$369.0
Wage and salary receipts, total	267.6	*265.4	248.7
Commodity producing industries	112.5	*111.1	102.8
Manufacturing only	89.1	*87.6	80.9
Distributing industries	69.4	68.8	65.6
Service industries	38.7	*38.6	35.6
Government	47.0	*46.9	44.6
Other labor income	10.4	10.3	9.6
Business and professional	35.2	*35.2	33.5
Farm	12.6	*12.6	13.5
Rental income of persons	12.1	12.0	12.0
Dividends	13.6	13.5	12.7
Personal interest income	24.1	23.8	21.1
Transfer payments	27.4	27.7	26.1
Less employees' contribution for social insurance	9.6	8.5	8.1
Total nonagricultural income	376.7	*375.4	351.6
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of January:			
Net sales	------	------	------
Net purchases	$17,549,500	$113,103,000	$14,138,000
U. S. GOVT. STATUTORY DEBT LIMITATION—As of Jan. 31 (000's omitted):			
Total face amount that may be outstanding at any time	$295,000,000	$295,000,000	$288,000,000
Outstanding—			
Total gross public debt	291,084,698	290,797,771	285,801,014
Guaranteed obligations not owned by the Treasury	130,078	127,146	105,713
Total gross public debt and guaranteed obligations	$291,214,777	$290,924,917	$285,906,727
Deduct—other outstanding public debt obligations not subject to debt limitation	410,357	411,673	423,058
Grand total outstanding	$290,804,420	$290,513,244	$285,483,669
Balance face amount of obligations issuable under above authority	4,195,579	4,486,755	2,516,330
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of Jan. 31	$291,314,777	$290,924,917	$285,906,727
General funds balance	4,861,597	5,583,376	5,918,394
Net debt	$286,353,180	$285,341,541	$279,988,333
Computed annual rate	3,334%	3.330%	2,704%

*Revised figure.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

• Accurate Electronics, Inc. (2/26)
Dec. 16 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$1.50 per share. **Proceeds**—For research and development, advertising and for working capital. **Office**—13215 Leadwell Street, N. Hollywood, Calif. **Underwriters** — Amos Treat & Co., Inc., New York and Arthur B. Hogan, Inc., Los Angeles, Calif.

Acme Wholesale Corp.
Jan. 21 (letter of notification) 295,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To purchase merchandise for payment of notes and accounts payable, and for advertising and other expenses. **Office**—410 Studekum Bldg., Nashville, Tenn. **Underwriter** — Crescent Securities Co., Inc., Bowling Green, Ky.

Aerosol Corp. of America
Feb. 5 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To repay bank indebtedness, for advertising, and for working capital. **Office** — 328 Washington St., Wellesley, Mass. **Underwriter**—Clayton Securities Corp., Boston, Mass.

• Agricultural Research Development, Inc.
Jan. 25 filed 200,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—To purchase land, to construct buildings, and provide necessary equipment and capital to engage in a hog raising enterprise. **Office**—Wiggins, Colo. **Underwriter**—W. Edward Tague Co., Pittsburgh, Pa.

• Aircraft Dynamics International Corp.
Sept. 25 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—229 S. State Street, Dover, Del. **Underwriter**—Aviation Investors of America, Inc., 666 Fifth Avenue, New York 19, N. Y. **Offering**—Delayed.

Alaska Consolidated Oil Co., Inc.
Sept. 17 filed 3,000,000 shares of common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—For further development and exploration of the oil and gas potential of the company's Alaska properties. **Office**—80 Wall Street, New York. **Underwriter**—C. B. Whitaker, A. J. Zappa & Co., Inc., New York. **Offering**—Expected in March.

★ Al-Dun Amusement Co.
Feb. 16 (letter of notification) 250 shares of class A preferred stock and 500 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—To reduce financial obligations and for working capital. **Address** — West Point, Ga. **Underwriter**—None.

Allied Bowling Centers, Inc. (2/29-3/4)
Dec. 29 filed $750,000 of sinking fund debentures and 300,000 shares of capital stock, to be offered in units of $75 principal amount of debentures and 30 shares of stock. **Price**—$108 per unit. **Proceeds**—For general corporate purposes. **Office**—Arlington, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas.

★ Allied Laboratories, Inc.
Feb. 17 (letter of notification) an undetermined number of shares of common stock (no par) not to exceed $50,000 to be offered to employees and being purchased on the Midwest Stock Exchange. **Office**—406 W. 34th Street, Kansas City, Mo. **Underwriter**—None.

Allied Producers Corp.
Dec. 3 filed 1,000,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For working capital to be used in the purchase of oil and gas properties and related forms of investment. **Office**—115 Louisiana Street, Little Rock, Ark. **Underwriter**—The offering is to be made by John L. Hedde, President of the issuing company and owner of 10,000 of its 80,000 presently outstanding shares. Mr. Hedde will work on a "best efforts" basis, and will receive a selling commission of 12 cents per share on Arkansas sales and 15 cents per share on out-of-state sales.

Allied Small Business Investment Corp.
Sept. 29 filed 100,000 shares of common stock (par $8). **Price**—$11 per share. **Proceeds**—To be used to provide equity capital and long-term loans to small business concerns. **Office**—Washington, D. C. **Underwriter**—NASD members who execute a selling agreement. **Offering**—Expected in February.

American Business Systems, Inc. (3/1)
Feb. 3 filed 100,000 shares of common stock, and 3-year warrants for 5,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For new equipment; expansion of the sales organization; discharge of debts, and general corporate purposes. **Office**—2929 "B" St., Philadelphia, Pa. **Underwriter**—Bache & Co., of Philadelphia, and New York City, who is to acquire said warrants.

American Frontier Life Insurance Co.
Nov. 30 filed 200,000 shares of capital stock. **Price**—$8 per share. **Proceeds** — To increase capital and surplus. **Office**—1455 Union Ave., Memphis, Tenn. **Underwriter**—Union Securities Investment Co., also of Memphis, which will receive a selling commission of $1.20 per share.

• American Land Co.
Dec. 14 filed 300,000 shares of class A preference stock ($15 par) and 300,000 shares of common stock, to be offered in units of one share of preference and one share of common. **Price**—To be supplied by amendment. **Proceeds**—For property acquisition and development. **Office**—49 E. 53rd Street, New York City. **Underwriter**—Hemphill, Noyes & Co. **Offering**—Indefinitely delayed.

• American Life Fund, Inc.
Feb. 17 filed 1,250,000 shares of capital stock (par $1). **Price**—$20 per share. **Proceeds**—For investment. **Investment-Advisor** — Insurance Securities Inc., Oakland, Calif. **Underwriter**—The First Boston Corp., New York. **Offering**—Expected in the latter part of March.

American Molded Fiberglass Co.
Jan. 29 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—85 Fifth Ave., Paterson, N. J. **Underwriter**—First City Securities, Inc., New York, N. Y. **Offering**—In early March.

American & St. Lawrence Seaway Land Co.
Jan. 27 filed 538,000 shares of common stock, of which 350,000 shares are to be publicly offered. **Price**—$3 per share. **Proceeds**—To pay off mortgages, develop and improve properties, and acquire additional real estate. **Office**—60 E. 42nd St., New York City. **Underwriter**—A. J. Gabriel Co., Inc., New York City.

American Service Life Insurance Co.
Sept. 14 filed 300,000 shares of common stock (par 40¢). **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including, possibly, the acquisition of similarly engaged companies. **Office** — 113 Northeast 23rd Street, Oklahoma City, Okla. **Underwriter** — First Investment Planning Co., Washington, D. C.

• American Telemail Service, Inc.
Dec. 8 filed 375,000 shares of common stock. **Price**—$4.00 per share. **Proceeds**—For establishing airmail facilities at airports. **Office**—518 Felt Bldg., Salt Lake City, Utah. **Underwriter**—Edgar B. Hunt Co., New York City. **Offering**—Imminent.

• Anadite, Inc. (3/1)
Jan. 18 filed 50,000 shares of capital stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To buy plant and property, repay bank indebtedness, and add to working capital. **Office**—10630 Sessler Street, South Gate, Calif. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

• Andrea Radio Corp.
Feb. 3 filed warrants for the purchase of 5,500 shares of common stock together with 125,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To president F. A. D. Andrea, selling stockholder. **Office** — 27-01 Bridge Plaza North, Long Island City, N. Y. **Underwriters**—W. C. Langley & Co., of New York City.

Ansonia Wire & Cable Co.
Jan. 28 (letter of notification) 74,800 shares of common stock (par $1) to be offered to stockholders on the basis of 7 new shares for each 10 shares held. **Price**—$4 per share. **Proceeds**—To repay a current debt and for working capital. **Office** — 111 Martin Street Ashton, R. I. **Underwriter** — Lapham & Co., 40 Exchange Pl, New York, N. Y.

Apache Realty Corp.
Feb. 15 filed 116,500 preferred shares (par $20), 500,000 subordinated common shares ($.10 par), and an unspecified number of common shares (par $1). The common and preferred stocks will be sold only in units consisting of five shares of preferred and an unspecified number of common shares, at $150 per unit. The company will sell the 500,000 shares of subordinated common stock at 10 cents per share to Apache Oil, promoter of the company. **Proceeds**—$1,600,000 will be used to acquire from Apache Oil the latter's two-thirds interest in the Rand Tower and Foshay Tower officebuildings in Minneapolis (included in this payment is the sum required to repay the bank loan in the amount of $1,500,000 obtained in connection with the acquisition of said building); about $600,000 will be used in connection with the development of a shopping center; and the balance for general corporate purposes. **Office** — 523 Marquette Ave., Minneapolis, Minn. **Underwriter**—APA, Inc., a subsidiary of Apache Oil. **Offering**—Expected by the middle of March.

Arcoa, Inc.
Dec. 28 filed $6,000,000 of U-Haul Fleet Owner Contracts and $3,000,000 of Kar-Go Fleet Owner Contracts. The contracts provide for the operation of fleets of automobile-type rental trailers in the U-Haul Trailer Rental System or the Kar-Go Trailer Rental System. **Office**—4707 S. E. Hawthorne Boulevard, Portland, Ore. SEC clearance is expected about March 1.

Arcs Industries, Inc. (3/21-25)
Feb. 10 filed 100,000 shares of common stock (par 10 cents). **Price**—$3.75 per share. **Proceeds**—To discharge indebtedness; advances for research and development; to buy equipment and the balance for general corporate purposes. **Office**—Merrick Road, Bellmore, L. I., N. Y. **Underwriter**—Myron A. Lomasney & Co., New York, N. Y.

Arrivals, Ltd.
Jan. 29 (letter of notification) 44,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—203 N. Wabash Ave., Chicago, Ill. **Underwriter**—Craig-Hallum, Inc., Minneapolis, Minn.

★ Associated Health Studies, Inc.
Feb. 15 (letter of notification) 150,000 shares of common stock (par 12½ cents). **Price**—$2 per share. **Proceeds**—To expand the number of recreation centers and facilities at the existing studios. **Office**—3425 King Street, Alexandria, Va. **Underwriter**—None.

Automation Systems, Inc.
Feb. 12 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—150-34 12th Avenue, Whitestone 57, N. Y. **Underwriter**—B. Fennekohl & Co., Inc., New York, N. Y.

• Aviation Employees Corp. (3/18)
Feb. 8 filed 2,500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—Together with other funds, will be invested in the shares of the company's three subsidiaries; for general corporate purposes; and the remaining balance will be used from time to time for the purchase of all or a substantial interest in or the formation of one or more other companies engaged in the business of insurance or finance or to further supplement the funds of the three subsidiaries. **Office**—930 Tower Bldg., Washington, D. C. **Underwriters**—G. J. Mitchell Jr. Co., Washington, D. C.; and Ralph B. Leonard & Sons, Inc., of New York City.

• Baltimore Paint & Chemical Corp. (3/14)
Jan. 22 filed (a) $750,000 of sinking fund debentures, 6½ series, due 1975 with eight-year warrants for the purchase of 22,500 common shares at the rate of 30 shares for each $1,000 of debentures; (b) 90,000 shares of 6½% cumulative convertible first preferred stock; and (c) $750,000 of 6¼% first mortgage bonds, due 1972, sold to New York Life Insurance Co., along with 12-year warrants granted said insurance company to purchase 15,000 shares of the issuer's common at a price to be specified. **Prices**—For the debentures, at par; for the preferred, $20 per share. **Proceeds**—For general corporate purposes including repayment of loan, purchase of land, construction, purchase of machinery and equipment, and for working capital. **Office**—2325 Annapolis Avenue, Baltimore, Md. **Underwriter**—P. W. Brooks & Co., New York City.

Bankers Management Corp.
Sept. 10 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—1404 Main Street, Houston 2, Texas. **Underwriter**—Daggett Securities, Inc., Newark, N. J. **Offering**—Postponed due to change in structure of issuer.

• Barnes Engineering Co. (3/7-11)
Feb. 9 filed 50,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To pay off notes, for expansion, and for general corporate purposes. **Office**—Stamford, Conn. **Underwriter**—Hayden, Stone & Co.

Bastian-Morley Co., Inc.
Jan. 18 filed $650,000 of convertible first mortgage sinking fund bonds, due Jan. 1, 1975. **Price**—At 100% of principal amount. **Proceeds**—To buy about 50.6% (67,808 shares) of its outstanding common from the family of one of its founders, the late James P. Morley. This will cost $542,466. The remainder of the proceeds will be applied to the retirement of the issuer's junior convertible 5% debentures. **Office**—200 Truesdell Ave., LaPorte, Ind. **Underwriter** — City Securities Corp., Indianapolis 4, Ind. **Trustee & Registrar** — American Fletcher National Bank & Trust Co.

Bobbie Brooks, Inc.
Feb. 15 filed 200,000 shares of capital stock, as adjusted for the proposed two-for-one stock split to be voted on at a shareholders' meeting Feb. 24, 1960. Of the shares to be offered, 100,000 shares are to be sold by the company and 100,000 are to be sold by selling stockholders. **Price** — To be supplied by amendment. **Office** — 3830 Kelley Ave., Cleveland 14, Ohio. **Proceeds**—To be used for property improvements and working capital. **Underwriter**—Bache & Co., New York.

Border Steel Rolling Mills, Inc.
Sept. 14 filed $2,100,000 of 15-year 6% subordinated sinking fund debentures, due Oct. 1, 1974, and 210,000 shares of common stock ($2.50 par), to be offered in units of $50 principal amount of debentures and five shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—For the purchase of land and construction thereon, and for the manufacture and installation of necessary equipment. **Office**—1609 Texas Street, El Paso, Texas. **Underwriters**—First Southwest Co., Dallas, Texas, and Harold S. Stewart & Co., El Paso, Texas.

Border Steel Rolling Mills, Inc.
Sept. 14 filed 226,380 shares of common stock, to be offered for subscription to stockholders of record Aug. 31, 1959, on the basis of 49 new shares for each share then held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 1609 Texas Street, El Paso, Texas. **Underwriter**—None.

Britton Electronics Corp. (3/15)
Jan. 19 (letter of notification) 225,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—213-20 99th Ave., Queens Village 99, N. Y. **Underwriter**—First Philadelphia Corp., New York, N. Y.

★ Bullock Fund, Ltd.
Feb. 18 filed (by amendment) an additional 800,000 shares of capital stock in the Fund. **Price** — At market. **Proceeds**—For investment. **Office**—New York City.

Burch Oil Co.
Sept. 25 (letter of notification) 120,000 shares of class A common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—For building and equipping stations and truck stop and additional working capital. **Office**—C/o Garland D. Burch, at 707 Grattan Road, Martinsville, Va. **Underwriter**—Maryland Securities Co., Inc., Old Town Bank Building, Baltimore 2, Md.

Burnell & Co.
Feb. 15 filed 200,000 shares of common stock. **Price**—$3 per share. **Proceeds**—To repay bank loan; for manufacture of magnetic amplifiers; for establishment of a new crystal filter division; for the purchase of new automatic winding and testing and production equipment; and for working capital. **Office**—10 Pelham Parkway, Pelham Manor, N. Y. **Underwriter** — Milton D. Blauner & Co., New York.

★ **Caldata, Inc.**
Feb. 15 (letter of notification) 75,000 shares of common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—To repay bank loans, for research and development, reserve, and for working capital. **Office**—11431 Joanne Place, Los Angeles, Calif. **Underwriter**—Robert Edelstein Co., Inc., New York, N. Y.

★ **Canadian Fund, Inc.**
Feb. 18 filed, by (amendment) an additional 200,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Office**—New York City.

Capital Airlines, Inc. (3/1)
Jan. 26 filed 909,659 shares of common stock on the basis of one additional share for each share held. **Proceeds**—To broaden equity base. **Office**—Washington National Airport, Washington 1, D. C. **Underwriters** — Lehman Brothers and Smith, Barney & Co., New York, N. Y.

Captains Club, Inc.
Jan. 22 filed 500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For retirement of $52,860 of 6% notes and the balance for operating funds and working capital. **Office**—381 Fifth Avenue, New York City. **Underwriters**—G. Everett Parks & Co., Inc., and Sulco Securities, Inc., both of 52 Broadway, New York City.

Cardinal Petroleum Co.
Nov. 30 filed 200,000 shares of common capital stock. **Price**—$4 per share. **Proceeds**—For general corporate purposes including debt reduction, drilling and working capital. **Office**—420 No. 4th St., Bismarck, North Dakota. **Underwriter**—J. M. Dain & Co., Inc., Minneapolis, Minn. **Offering**—Indefinite.

NEW ISSUE CALENDAR

February 26 (Friday)

Accurate Electronics, Inc. .... Common
(Amos Treat & Co., Inc. and Arthur B. Hogan, Inc.) $225,000

Dayton Power & Light Co. .... Bonds
(Bids 11 a.m. EST) $25,000,000

February 29 (Monday)

Allied Bowling Centers, Inc. .... Common
(Rauscher, Pierce & Co., Inc.) 300,000 shares

Allied Bowling Centers, Inc. .... Debentures
(Rauscher, Pierce & Co., Inc.) $750,000

Cascade Pools Corp. .... Common
(R. A. Holman & Co., Inc.) $100,000

Transit Freeze Corp. .... Common
(Jerome Robbins & Co.) $300,000

Universal Transistor Products Corp. .... Common
(Michael G. Kletz & Co., Inc. and Amos Treat & Co., Inc.) $300,000

Whitmoyer Laboratories, Inc. .... Common
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $510,000

Whitmoyer Laboratories, Inc. .... Debentures
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $500,000

March 1 (Tuesday)

American Business Systems, Inc. .... Common
(Bache & Co.) 100,000 shares

Anadite, Inc. .... Capital
(Dean Witter & Co.) 50,000 shares

Capital Airlines, Inc. .... Common
(Lehman Brothers and Smith, Barney & Co.) 909,659 shares

Consultants Bureau Enterprises, Inc. .... Common
(William David & Co., Inc.) $441,000

Culligan, Inc. .... Common
(Cruttenden, Podesta & Co.) 152,241 shares

Dworman Corp. .... Common
(Charles Plohn & Co.) $3,000,000

Genesco, Inc. .... Common
(Blyth & Co., Inc.) 587,186 shares

MPO Videotronics, Inc. .... Common
(Francis I. du Pont & Co.) 150,000 shares

Palm Beach-Dade Corp. .... Common
(T. M. Kirsch & Co.) $300,000

Phillips Developments, Inc. .... Common
(Allen & Co.; Bear, Stearns & Co. and Sutro Bros. & Co.) 400,000 shares

Puget Park Corp. .... Common
(Hill, Darlington & Co.) $816,725

Sonar Radio Corp. .... Common
(George, O'Neill & Co., Inc.) $585,000

Sunair Electronics, Inc. .... Common
(Frank Karasik & Co., Inc.) $600,000

Tayco Developments, Inc. .... Common
(Offering to stockholders—underwritten by C. E. Stoltz & Co.) $154,962.50

Taylor Devices, Inc. .... Common
(Offering to stockholders—underwritten by C. E. Stoltz & Co.) $537,788.75

Texize Chemicals, Inc. .... Common
(Kidder, Peabody & Co.) 174,576 shares

Toronto, Metropolitan Municipality of .... Debentures
(Harriman, Ripley & Co., Inc. and Dominion Securities Corp.) $41,318,000

March 2 (Wednesday)

Nord Photocopy & Business Equipment Co. .... Com.
(Myron A. Lomasney & Co.) 36,400 shares

March 3 (Thursday)

General Motors Acceptance Corp. .... Debentures
(Morgan Stanley & Co.) $100,000,000

March 7 (Monday)

Barnes Engineering Co. .... Common
(Hayden, Stone & Co.) 50,000 shares

Commerce Drug Co. .... Common
(Marron, Sloss & Co., Inc.) $585,000

Glass Magic, Inc. .... Common
(R. A. Holman & Co., Inc.) 68,000 shares

Glass Magic, Inc. .... Debentures
(R. A. Holman & Co., Inc.) $51,000

Macco Corp. .... Common
(Kidder, Peabody & Co. and Mitchum, Jones & Templeton) 200,000 shares

Walnut Grove Products Co., Inc. .... Debentures
(First Trust Co. of Lincoln, Nebraska and Cruttenden, Podesta & Co.) $3,000,000

Walnut Grove Products Co., Inc. .... Common
(First Trust Co. of Lincoln, Nebraska and Cruttenden, Podesta & Co.) 300,000 shares

March 9 (Wednesday)

Pueblo Supermarkets, Inc. .... Common
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 200,000 shares

March 14 (Monday)

Baltimore Paint & Chemical Corp. .... Preferred
(P. W. Brooks & Co.) $1,800,000

Baltimore Paint & Chemical Corp. .... Bonds
(P. W. Brooks & Co.) $750,000

Baltimore Paint & Chemical Corp. .... Debentures
(P. W. Brooks & Co.) $750,000

Meyer (Fred), Inc. .... Common
(Kidder, Peabody & Co.) 400,000 shares

Secode Corp. .... Debentures
(No underwriting) $1,500,000

March 15 (Tuesday)

Britton Electronics Corp. .... Common
(First Philadelphia Corp.) $225,000

Central Illinois Light Co. .... Bonds
(Bids 11 a.m. EST) $14,000,000

Chesapeake & Potomac Telphone Co. of West Virginia .... Debentures
(Bids 11 a.m. EST) $25,000,000

Goddard, Inc. .... Common
(Robert L. Ferman & Co., and Godfrey, Hamilton, Magnus & Co., Inc.) $497,250

Northern Indiana Public Service Co. .... Bonds
(Bids to be invited) $15,000,000

South Bay Industries, Inc. .... Class A
(Amos Treat & Co., Inc.) $1,050,000

March 17 (Thursday)

Mississippi Power Co. .... Bonds
(Bids 11 a.m. EST) $4,000,000

March 18 (Friday)

Aviation Employees Corp. .... Common
(G. J. Mitchell Jr. Co. and Ralph B. Leonard & Sons, Inc.) $5,000,000

March 21 (Monday)

Arcs Industries, Inc. .... Common
(Myron A. Lomasney & Co.) $375,000

March 28 (Monday)

Tenax, Inc. .... Common
(Myron A. Lomasney) $600,000

March 29 (Tuesday)

Bank of California .... Stock
(Blyth & Co., Inc.) 256,930 shares

Louisiana Power & Light Co. .... Bonds
(Bids 11:30 a.m. EST) $20,000,000

April 5 (Tuesday)

Carolina Power & Light Co. .... Bonds
(Bids 11 a.m. EST) $25,000,000

April 7 (Thursday)

Alabama Power Co. .... Bonds
(Bids to be invited) $19,500,000

April 11 (Monday)

National Fuel Gas Co. .... Debentures
(Bids to be invited) $18,000,000

April 12 (Tuesday)

Mountain States Telephone & Telegraph Co. .... Debentures
(Bids to be invited) $40,000,000

West Penn Electric Co. .... Common
(Carl M. Loeb, Rhoades & Co.; The First Boston Corp.; Lehman Brothers; Goldman, Sachs & Co.) $10,000,000

April 13 (Wednesday)

Iowa-Illinois Gas & Electric Co. .... Bonds
(Bids 10:30 a.m. CST) $15,000,000

April 26 (Tuesday)

Metropolitan Edison Co. .... Bonds
(Bids 11 a.m. EST) $11,000,000

May 5 (Thursday)

Columbia Gas System, Inc. .... Debentures
(Bids to be received) $25,000,000

June 2 (Thursday)

Southern Electric Generating Co. .... Bonds
(Bids to be invited) $40,000,000

July 1 (Friday)

Tennessee Valley Authority .... Bonds
(Bids to be invited) $50,000,000

July 7 (Thursday)

Gulf Power Co. .... Preferred
(Bids to be invited) $50,000,000

Gulf Power Co. .... Bonds
(Bids to be invited) $5,000,000

September 13 (Tuesday)

Virginia Electric & Power Co. .... Bonds
(Bids to be invited) $25,000,000

November 3 (Thursday)

Georgia Power Co. .... Bonds
(Bids to be invited) $12,000,000

★ **Carolina Telephone & Telegraph Co.**
Feb. 19 filed 176,319 shares of common capital stock, to be offered for subscription by stockholders of record March 15, 1960, in the ratio of one new share for each 10 shares then held. The company is also seeking registration of an additional 20,000 shares of its common capital stock to be offered under an Employee Stock Plan. **Price**—$20 per share for rights offering. **Proceeds**—To reduce short-term bank notes. **Underwriter**—None.

Cascade Pools Corp. (2/29)
Nov. 30 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—River & Wood Sts., Butler, N. J. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

★ **Castle Realty Co., Inc.**
Feb. 11 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To purchase additional real estate investments. **Office**—Equitable Bldg., Baltimore, Md. **Underwriter**—Landrum Allen & Co., Inc., Washington, D. C.

★ **Central Cooperatives, Inc.**
Feb. 17 filed $1,500,000 of 15-year 5½% series A debenture bonds, $500,000 of 10-year 5% series A debenture bonds, and 10,000 shares of 4% cumulative preferred stock. **Price**—For debenture bonds, 100% of principal amount; $25 per preferred share. **Proceeds**—To be added to the cooperatives general fund and the major portion thereof will be applied to the construction of a new warehouse and central office building; and a portion of the proceeds will be applied to retirement of maturing promissory notes and for working capital. **Office**—1901 Winter St., Superior, Wis. **Underwriter**—None.

★ **Central Illinois Light Co. (3/15)**
Feb. 18 filed $14,000,000 of first mortgage bonds, due 1990, to be sold at competitive bidding. **Proceeds**—For 1960 construction, expected to total about $17,000,000. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. and Stone & Webster Securities (jointly). **Bids**—Scheduled to be received March 15, at 11.00 a.m. (EST) at the offices of Commonwealth Services, Inc., 300 Park Avenue, New York City.

Century Properties
Jan. 25 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For repayment of unsecured bank loans; for payment of the balance of a down payment on the purchase price of property in Ventura, Calif.; to pay the balance of construction costs on a building in Torrance, Calif. and for working capital. **Office**—1738 S. La Cienga Boulevard, Los Angeles, Calif. **Underwriter**—Daniel Reeves & Co., Beverly Hills, Calif.

★ **Century Shares Trust, Boston, Mass.**
Feb. 18 filed (by amendment) an additional 200,000 shares in the Fund. **Price**—At market. **Proceeds**—For investment. **Office**—Boston, Mass.

● **Certified American Industries Corp.**
Feb. 3 (letter of notification) 200,000 shares of common stock (par 50 cents). **Price**—$1.50 per share. **Proceeds**—To pay off accounts payable and for working capital. **Office**—755 Nash St., El Segundo, Calif. **Underwriter**—A. T. Brod & Co., New York, N. Y. Statement expected to be withdrawn.

Certified Credit & Thrift Corp.
Jan. 26 filed 250,000 shares of class A stock ($10 par) and 250,000 shares of class B stock (20c par), to be offered in units of one share of each class of stock. **Price**—$20.20 per unit. **Proceeds**—To pay mortgages. **Office**—Columbus, Ohio. **Underwriter**—Commonwealth Securities Corp., Columbus.

★ **Champion Paper & Fiber Co.**
Feb. 23 filed 1,265,211 shares of common stock, of which 220,000 are to be issued under the company's Restricted Stock Option Plan, 8,393 are to be exchanged for the outstanding common shares held by minority holders of three of the issuer's subsidiaries, 215,636 are to be issued in connection with the acquisition of the assets of Montag Bros., 60,000 are to be purchased by the First National Bank of Cincinnati, and the remainder are to be issued from time to time in connection with acquisition. **Office**—Hamilton, Ohio.

Charlotte Motor Speedway, Inc.
Jan. 21 filed 304,000 shares of common stock, to be offered to common stockholders of record Jan. 1 at the rate of two new shares for each three shares then held. **Price**—$2 per share, initially; after 15 days from the offering date, the underwriter will offer unsubscribed shares to purchasing stockholders for an additional 10 days, after which such shares may be publicly offered. **Proceeds**—For construction of a speedway and its accessories. The issuer expects to stage its first stock car race in May. **Office**—108 Liberty Life Building, Charlotte, N. C. **Underwriter**—Morrison & Co., Charlotte.

★ **Chesapeake & Potomac Telephone Co. of West Virginia (3/15)**
Feb. 19 filed $25,000,000 of 40-year debentures, dated March 1, 1960 and due March 1, 2000. **Proceeds**—To be applied toward repayment of advances from AT&T, the issuer's parent, which are expected to amount to about $27,600,000 at the time the proceeds are received. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—To be received at Room 1900, 195 Broadway, New York, N. Y., before 11 a.m. (New York Time) on March 15, 1960.

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Circuitronics, Inc.
Feb. 9 (letter of notification) 75,000 shares of class A common stock (par one cent). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office**—121 Varick Street, New York, N. Y. **Underwriter**—Lloyd, Miller & Co., 2605 Connecticut Avenue, N. W., Washington, D. C.

Citizens Casualty Co. of New York
Nov. 9 filed 250,000 shares of class A common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To be invested in income-producing securities. **Office**—33 Maiden Lane, New York City. **Underwriter**—Lee Higginson Corp. **Offering**—Postponed.

★ City Products Corp.
Feb. 23 filed 181,611 shares of common stock, to be offered to those formerly employed by Butler Bros., recently acquired by the issuer, and to Ben Franklin Store owners, presently owners of Butler stock. **Office**—Chicago, Ill.

★ Clark Equipment Co.
Feb. 18 filed 120,000 shares of common stock pursuant to this company's Incentive Stock Option Plan. **Office**—Buchanan, Mich.

★ Coastal States Gas Producing Co.
Feb. 19 filed $20,000,000 of 6% sinking fund debentures due March 1, 1980 (with warrants to purchase common stock at the rate of 17 shares for each $1,000 of debentures, or 340,000 shares in the aggregate). **Price**—To be supplied by amendment. **Proceeds**—For construction and extensions of gas gathering systems, to reduce current liabilities and outstanding bank indebtedness. **Underwriters**—Paine, Webber, Jackson & Curtis and Blair & Co., Inc., both of New York.

Colanco, Inc.
Jan. 19 (letter of notification) 300,000 shares of preferred (no par), seven cents per share dividend paying after March 1, 1962, non-cumulative, non-voting stock. **Price**—$1 per share. **Proceeds**—To purchase land and for development and working capital. **Office**—3395 S. Bannock Street, Englewood, Colo. **Underwriter**—Diversified Securities, Inc., Englewood, Colo.

Cold Lake Pipe Co., Inc.
Feb. 5 filed 200,000 shares of common stock. **Price**—$6 per share. **Proceeds**—Repayment of loans and indebtedness, working capital and expansion. **Office**—1410 Stanley St., Montreal, Canada. **Underwriter**—None.

● Collins Radio Co.
Feb. 17 filed $12,000,000 of convertible subordinated debentures, due 1980. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office**—Cedar Rapids, Iowa. **Underwriters**—Kidder, Peabody & Co. and White, Weld & Co., both of New York City. **Offering**—Expected in late March.

Combined Electronics Inc.
Oct. 30 filed 800,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For general corporate purposes, inclding expansion, new product development, and working capital. **Office**—135 S. La Salle Street, Chicago, Ill. **Underwriter**—David Johnson & Associates, Inc., Indianapolis, Ind., on a "best efforts" basis.

● Commerce Drug Co. (3/7)
Nov. 30 filed 90,000 shares of common stock. **Price**—$6.50 per share. **Proceeds**—To selling stockholders. **Office**—505 Court St., Brooklyn, N. Y. **Underwriter** — Marron, Sloss & Co., Inc., New York City.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. Price—To be supplied by amendment. Proceeds — To construct refinery. Underwriter—Lehman Brothers, New York. Offering—Indefinite.

Computer Usage Co., Inc.
Dec. 29 (letter of notification) 47,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—100 W. 10th Street, Wilmington, Del. **Underwriters** — Marron, Sloss & Co., Inc. (handling the books), and Roosevelt & Gourd, New York, N. Y.; L. B. Schwinn & Co., Cleveland, Ohio; Donaldson, Luskin & Jenrette, Inc., New York, N. Y. and First Albany Corp., Albany, N. Y. **Offering**—Expected any day.

★ Consolidated Photographic Industries, Inc.
Feb. 15 (letter of notification) 50,000 shares of common stock (par $1) to be offered to 35 key employees. **Price**—$2 per share. **Proceeds**—For working capital. **Office**—3460 Wilshire Blvd., Los Angeles, Calif. **Underwriter**—None.

Consolidated Water Co.
Dec. 30 (letter of notification) 24,900 shares of class A common stock (par $10). **Price**—$12 per share. **Proceeds** — To pay in part bank loans. **Office** — 327 S. La Salle Street, Chicago, Ill. **Underwriters**—Milwaukee Co., Milwaukee, Wis. and Indianapolis Bond & Share Corp., Indianapolis, Ind.

● Consultants Bureau Enterprises, Inc. (3/1)
Dec. 29 filed 147,000 shares of class A common stock, of which 104,000 are to be offered for public sale for the account of the issuing company and 43,000 shares, representing outstanding stock, by the present holders thereof. Price—$3 per share. Proceeds—$100,000 to be allocated to translating and publishing additional new books; $25,000 to acquire and equip additional needed space for the company's operations; and the balance to acquire additional machinery and equipment for cold-type composition. Office — 227-239 West 17th Street, N. Y. Underwriter—William David & Co., Inc., N. Y.

★ Continental Baking Co., Rye, N. Y.
Feb. 19 filed 93,000 shares of common stock, to be offered pursuant to the company's Employees Stock Option Plan. **Office**—Rye, N. Y.

Continental Electric Co.
Feb. 11 filed 260,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To retire outstanding bank loans, for expansion and development of new products, and for working capital. **Office** — 715 Hamilton St., Geneva, Ill. **Underwriter**—Old Colony Investment Co., Nashua, N. H.

● Control Electronics Co., Inc.
Dec. 23 filed 165,000 shares of common stock (par $3). **Price**—At par. **Proceeds**—To repay $80,000 of bank loans; $50,000 to replace working capital expended for equipment and machinery; $50,000 to increase sales efforts, including the organization of sales offices on the West Coast and in the Chicago areas; and $50,000 to further development of delay lines, filters and microwave devices. The balance of the proceeds will be added to working capital. **Office** — 10 Stepar Place, Huntington Station, N. Y. **Underwriters**—Milton D. Blauner & Co., Inc., David Finkle & Co. and Gartman, Rose & Feuer, all of New York. **Offering**—Expected in mid-March.

Crusader Oil & Gas Corp., Pass Christian, Miss.
May 26 filed 1,500,000 shares of common stock, of which 641,613 shares will be offered on a one-for-one basis to stockholders. The remaining 858,387 shares will be offered publicly by the underwriter on a "best efforts" basis. Price—To be supplied by amendment. Proceeds—For repayment of notes and for working capital. Underwriter—To be supplied by amendment.

● Culligan, Inc. (3/1)
Jan. 22 filed 152,241 shares of common stock, of which 71,500 shares are to be offered for the account of the issuing company; 64,000 shares are to be offered for the account of the present holders thereof, and the remaining 16,741 shares are reserved for issuance upon conversion of an equivalent number of class B common shares. **Price**—To be supplied by amendment. **Proceeds**—To erect and equip the company's plant in Northbrook; for investment or advances to its subsidiary, CWC Finance Corp. to permit expansion of its Culligan dealer financing activities, and the balance for general corporate purposes. **Office**—1657 S. Shermer Road, Northbrook, Ill. **Underwriter** — Cruttenden, Podesta & Co., Chicago, Ill.

Dayton Power & Light Co. (2/26)
Jan. 26 filed $25,000,000 of 30-year first mortgage bonds. **Proceeds**—Will be used to repay $18,000,000 of temporary bank loans and to defray part of the cost of the company's 1960 construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); Lehman Brothers, Blyth & Co., Inc. and The First Boston Corp. (jointly); Morgan Stanley & Co. and W. E. Hutton & Co. (jointly). **Bids**—Expected up to 11 a.m. on Feb. 26.

Deluxe Aluminum Products, Inc.
Oct. 15 filed $330,000 of convertible debentures, and 70,000 shares of common stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—From 10,000 shares of the common stock, to the present holders thereof; from the rest of the offering, to the company to be used for expansion and as working capital. **Office**—6810 S. W. 81st St., Miami, Fla.

Diversified Communities, Inc.
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Postponed.

★ Diversified Equities Corp.
Feb. 18 (letter of notification) $250,000 of 9% eight year debentures to be offered in denominations of $100, $500 and $1,000 due Oct. 1, 1967. **Price** — At face amount. **Proceeds**—For general corporate purposes. **Office**—154 E. First Street, Mount Vernon, N. Y. **Underwriter** — None.

Don Mott Associates, Inc.
Oct. 27 filed 161,750 shares of class B, non-voting, common stock (par $5). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including payment on a building and the financing of loans. **Office**—Orlando, Fla. **Underwriter**—Leon H. Sullivan, Inc., Philadelphia, Pa., on a "best efforts" basis. **Offering**—Expected any day.

Dworman Corp. (3/1-4)
Jan. 15 filed 300,000 shares of common stock. **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office**—400 Park Avenue, New York City. **Underwriter**—Charles Plohn & Co., New York City.

★ Edgcomb Steel Co.
Feb. 18 filed 150,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—D St. below Erie Ave., Philadelphia, Pa. **Underwriters** — Kidder, Peabody & Co. of New York and Philadelphia; and Schmidt, Robert & Parke, of Philadelphia.

● Eldon Industries, Inc.
Feb. 15 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay $250,000 of borrowings used to purchase additional tooling for manufacture of new products; $200,000 to repay borrowings obtained to fund the purchase of Astral Electric Co., Ltd.; $200,000 to defray the cost of leasehold improvements and in moving expenses in connection with the occupancy of its new plant at Hawthorne, Calif.; $150,000 for purchase of additional injection molding equipment; and the remaining proceeds to be applied against outstanding bank loans or added to working capital. **Office**—1010 East 62nd Street, Los Angeles, Calif. **Underwriters**—Shearson, Hammill & Co., Los Angeles and New York; and Stern, Frank, Meyer & Fox, Los Angeles.

Electro Instruments, Inc.
Feb. 16 filed 78,000 shares of common stock (par $1), of which 53,000 will be sold for the account of certain selling stockholders and 25,000 are to be issued and sold by the company. **Price**—To be supplied by amendment. **Proceeds**—To be used to construct a new 63,000 square foot manufacturing plant in San Diego, to purchase fixtures and equipment for the new plant, to retire short-term indebtedness incurred for the purchase of International Electronics and to supplement working capital. **Office**—3540 Aero Court, San Diego, Calif. **Underwriter**—Bear, Stearns & Co., New York.

Electronic's Inc.
Feb. 1 (letter of notification) $100,000 of 7% subordinated debentures due April 1, 1970 and 20,000 shares of common stock (par 20 cents) to be offered in units, each consisting of $1,000 debenture and 200 shares of common stock. **Price**—$1,300 per unit. **Proceeds**—For payment of an outstanding mortgage note and working capital. **Address** — East Highway 50, Vermillion, S. D. **Underwriter** — Woodard - Elwood & Co., Minneapolis, Minn.

Employers Reinsurance Corp.
Feb. 8 filed 100,000 shares of capital stock, to be offered for subscription by its stockholders at the rate of one new share for each share held. Price—To be supplied by amendment. Proceeds—To increase capital and surplus. Underwriter—Stern Brothers & Co., Kansas City, Mo.

Ero Manufacturing Co.
Jan. 28 (letter of notification) not to exceed 10,000 shares of common stock (par $1). **Price**—At the most recent sale of such stock on the American Stock Exchange. **Proceeds**—To go to a selling stockholder. **Office**—714-18 West, Monroe St., Chicago, Ill. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

Eshelman Motors Corp.
Oct. 26 filed 250,000 shares of common stock (par $.10). **Price**—$3.00 per share. **Proceeds**—For general corporate purposes. **Office**—Baltimore, Md. **Underwriter** — Leo Hershman & Co., Inc. of New York City. **Offering**—Expected in early March.

Estates, Inc.
Dec. 24 filed 200,000 shares of class A common stock. **Price**—$5 per share. **Proceeds**—For purchase of various properties, for development and subdivision thereof, and to meet operating expenses, salaries and other costs, but principally for the purchase and development of large tracts of land. **Office**—3636-16th Street, N. W., Washington, D. C. **Underwriter**—Consolidated Securities Co. of Washington, D. C.

Federated Reserve Life Insurance Co.
Jan. 19 filed 300,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—For capital and surplus of the company, which has not as yet done any life insurance business but expects to sell all forms of it. **Office**—West Memphis, Ark. **Underwriter**—The offering is to be made through three promoters and officers who will receive a selling commission of $2 per share.

★ Fidelity Capital Fund, Inc., Boston, Mass.
Feb. 18 filed (by amendment) an additional 500,000 shares in the Fund. **Price**—At market. **Proceeds**—For investment.

Finger Lakes Racing Association, Inc.
Dec. 28 filed $4,500,000 of 20-year 6% subordinated sinking fund debentures due 1980 and 450,000 shares of class A stock (par $5) to be offered in units, each consisting of $100 of debentures and 10 shares of class A stock. **Price**—$155 per unit. **Proceeds**—For purchase of land and the cost of construction of racing plant as well as other organizational and miscellaneous expenses. **Office**—142 Pierrepont Street, Brooklyn, N. Y. **Underwriter**—Stroud & Co., Inc., New York and Philadelphia. **Offering** — Delayed.

Forest Hills Country Club Ltd.
Jan. 29 filed 75,000 shares of common stock (par 10¢). **Price**—$4 per share. **Proceeds**—To build a country club in Forest Hills, L. I., N. Y. **Office**—179—45 Brinckerhoff Ave., Jamaica 33, L. I., N. Y. **Underwriter**—Jerome Robbins & Co., 82 Wall St., New York City. **Offering**—Expected in late March.

★ Four Acre Motel Associates
Feb. 15 (letter of notification) $220,000 of limited partnership participations to be offered in units of $1,000 or $5,000. **Price**—At face value. **Proceeds**—To purchase a motel. **Office**—11 W. 42nd St., New York, N. Y. **Underwriter**—Syndication Investors Corp., 527 Madison Ave., New York, N. Y.

Gence & Associates, Inc.
Nov. 13 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To pay an outstanding obligation and for working capital. **Office**—1500 E. Colorado St., Glendale, Calif. **Underwriter**—California Investors, Los Angeles, Calif.

General Devices, Inc.
Jan. 6 filed 60,888 shares of common sock, to be offered for subscription by common stockholders on the basis of one new share for each five shares held on Feb. 16; rights expire on March 1. **Price**—$13 per share. **Proceeds**—For land, construction thereon, new equipment,

debt reduction, and working capital. **Office** — Ridge Road, Monmouth, Junction, N. J. **Underwriter**—Drexel & Co., Philadelphia, Pa.

General Foam Corp.
Jan. 7 filed 175,000 shares of common stock. **Price**—$4 per share. **Proceeds**—To enable issuer to enter synthetic foam manufacturing business. **Office**—640 W. 134th Street, New York City. **Underwriters**—Brand, Grumet & Seigel, Inc., and Arnold Malkan & Co., Inc., on a "best efforts" basis. **Offering**—Expected the first week in March.

● **General Motors Acceptance Corp. (3/3)**
Feb. 16 filed $100,000,000 of 21-year debentures, due 1981. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and will be available for maturing debt or for the purchase of receivables. **Office**—1775 Broadway, New York City. **Underwriter**—Morgan Stanley & Co., New York.

★ **General Telephone Co. of Fla.**
Feb. 19 filed $15,000,000 of series G debentures. **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank loans incurred during 1959 and early 1960 in connection with the company's construction program; the balance will be added to the treasury funds of the company, from which expenditures for the 1960 construction program will be made. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York City.

● **Genesco, Inc. (3/1)**
Feb. 9 filed 587,186 shares of common stock. Of the total, 87,186 shares of common stock will be offered to the common and class B common stockholders of Hoving Corp., and the remaining 500,000 shares will be offered publicly. **Price**—To be supplied by amendment. **Underwriter**—Blyth & Co., Inc., New York.

Glass Magic, Inc. (3/7)
Dec. 30 (letter of notification) $51,000 of six-year 6½% convertible debentures to be offered in denominations of $51 each. Debentures are convertible into common stock at $1.50 per share. Also, 68,000 shares of common stock (par 10 cents) to be offered in units of one $51 debenture and 68 shares of common stock. **Price**—Of debentures, at par; of stock, $102 per unit. **Proceeds**—To pay off current accounts payable; purchase of raw materials and for expansion. **Office** — 2730 Ludelle Street, Fort Worth, Texas. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

Glass-Tite Industries, Inc.
Feb. 2 filed $500,000 of 6½% convertible subordinated debentures and 25,000 shares of common stock. **Prices**—For the debentures, 100% of principal amount; for the stock, to be supplied by amendment. **Proceeds**—For general corporate purposes, including expansion and reconditioning of plant. **Office**—Providence, R. I. **Underwriter**—Stanley Heller & Co., New York City.

Glastron Boat Co.
Jan. 11 filed $600,000 of 6% sinking fund debentures, due Jan. 15, 1966, and 60,000 shares of common stock, to be offered in units consisting of $100 of debentures and 10 shares of common stock. **Price**—$100 per unit. **Proceeds**—For additional plant facilities, including land and production equipment, and debt reduction. **Office**—920 Justin Lane, Austin, Texas. **Underwriters**—Hardy & Co., New York City, and Underwood, Neuhaus & Co., Houston, Texas.

Goddard, Inc. (3/15)
Jan. 29 filed 153,000 shares of common stock. **Price**—$3.25 per share. **Proceeds**—For use by subsidiaries for reduction of indebtedness and general corporate purposes. **Office**—1309 North Dixie Highway, West Palm Beach, Fla. **Underwriters** — Robert L. Ferman & Co., Miami, Fla. and Godfrey, Hamilton, Magnus & Co., Inc., New York City.

Great Lakes Bowling Corp.
Aug. 31 filed 120,000 shares of common stock (par $1) **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the development of bowling lanes, bars, and restaurants on various Michigan properties. **Office**—6336 Woodward Ave., Detroit, Mich. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

● **Great Southwest Corp.**
Dec. 10 filed $11,500,000 of cumulative income debentures, due Jan. 1, 1975, and 575,000 shares of common stock (par $1), to be offered in units of $20 principal amount of debenture and one share of common. **Price**—$28 per unit. **Proceeds**—For debt reduction and the building of a recreation park. **Office**—3417 Gillespie Street, Dallas 19, Texas. **Underwriter**—Glore, Forgan & Co., New York City. **Offering**—Expected in late March.

Green River Production Corp.
Oct. 15 (letter of notification) 200,000 shares of common stock (par 50 cents). **Price**—$1.50 per share. **Proceeds**—For expenses for exploring for oil and gas. **Office**—212 Sixth Ave., South, Nashville, Tenn. **Underwriter**—Crescent Securities Co., Inc., Bowling Green, Ky.

★ **Harn Corp., Cleveland, Ohio**
Feb. 23 filed 187,500 shares of common stock. **Price**—$4 per share. **Proceeds**—To pay bank debts and for working capital. **Underwriter**—Arnold Malkan & Co., Inc., New York City.

Hermetite Corp.
Jan. 8 filed 136,000 shares of common stock, of which 125,000 are to be publicly offered and 11,000 have been already acquired at $1 per share by the President of M. L. Lee & Co. **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—702 Beacon Street, Boston, Mass. **Underwriters**—M. L. Lee & Co., Inc.; Milton D. Blauner & Co., Inc.; and Kesselman & Co., Inc., all of New York City, on an "all or nothing" basis. **Offering**—Expected in March.

Highway Trailer Industries, Inc.
Jan. 29 filed $3,000,000 convertible subordinated debentures, due August, 1975. **Price**—$100 per $100 debenture. **Proceeds**—For expansion purposes and the discharge of debts. **Office**—250 Park Ave., New York City. **Underwriters**—Allen & Co., and Van Alstyne, Noel & Co., both of New York City.

Hi-Press Air Conditioning Corp. of America
Dec. 29 filed 200,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For working capital. **Office**—405 Lexington Ave., New York City. **Underwriter**—Plymouth Securities Corp., New York City. **Offering**—Expected in early March.

Howe Plastics & Chemical Companies, Inc.
Dec. 14 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—125 E. 50th Street, New York, N. Y. **Underwriter**—Hilton Securities, Inc., 580 Fifth Avenue, New York, N. Y. **Offering**—Expected in March.

I C Inc.
June 29 filed 600,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**—Purvis & Co. and Amos C. Sudler & Co., both of Denver Colo.

Imperial Investment Corp. Ltd.
Jan. 29 filed $15,000,000 (U. S.) 20-year collateral trust bonds, due 1980. **Proceeds**—To retire short-term borrowings. **Office**—Vancouver, B. C., Canada. **Underwriters**—Eastman Dillon, Union Securities & Co., and Nesbitt, Thomson & Co., Inc., both of New York City. **Offering**—Expected not later than March 2.

Industron Corp.
Jan. 14 (letter of notification) 60,000 shares of class A common stock (par $1). **Price**—$4 per share. **Proceeds**—For working capital. **Office** — 55 Needham Street, Newton Highlands, Mass. **Underwriter**—Schirmer, Atherton & Co., Boston, Mass.

Inland Credit Corp.
Feb. 12 filed 190,000 shares of class A stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of outstanding accounts of Ardisco (affiliate); and the balance for additional working capital. **Office**—11 West 42nd Street, New York 36, N. Y. **Underwriter**—Shearson, Hammill & Co., New York.

Insular Finance Corp. (formerly General Finance Corp.)
Feb. 1 (letter of notification) 150,000 shares of common stock (no par). **Price** — $2 per share. **Proceeds** — For working capital. **Office**—Avenida Condado 609, Santurce, Puerto Rico. **Underwriter**—Caribbean Securities Co., Inc., Santurce, Puerto Rico.

★ **Insurance Securities Trust Fund**
Feb. 23 filed $100,000,000 of trust fund certificates. **Sponsor**—Insurance Securities, Inc., Oakland, Calif.

Integrand Corp.
Oct. 13 filed 85,000 shares of common stock (par 5c). **Price**—$4 per share. **Proceeds** — For general corporate purposes, including the redemption of outstanding preferred stock and new plant equipment. **Office**—Westbury, L. I., N. Y. **Underwriter**—DiRoma, Alexik & Co., Springfield, Mass. **Offering**—Expected in February.

International Aspirin Corporation
Dec. 7 filed 600,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1700 Broadway, Denver, Colo. **Underwriter**—Speculative Securities Corp., 915 Washington Street, Wilmington, Del., on a "best efforts" basis.

International Bank, Washington, D. C.
Dec. 29, 1958, filed $5,000,000 of notes (series B, $500,000, 2-year, 3% per unit; series C, $1,000,000 4-year 4% per unit; and series D, $3,500,000 6-year, 5% per unit). **Price**—100% of principal amount. **Proceeds**—For working capital. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Offering**—Indefinitely postponed.

International Rectifier Corp.
Feb. 15 filed 120,000 shares of common stock, of which 60,000 shares are to be offered for public sale for the account of the issuing company and the remaining 60,000, being outstanding stock, by the present holder thereof. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds. **Office**—El Segundo, Calif. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

★ **Interstate Securities Co.**
Feb. 23 filed 165,000 shares of cumulative preference stock, convertible ($20 par), to be offered for subscription by common stockholders on the basis of one new share of preference stock for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—For reduction of short-term notes. **Office**—3430 Broadway, Kansas City, Mo. **Underwriters**—Harriman Ripley & Co., Inc., New York; and Stern Brothers & Co., Kansas City, Mo. **Offering**—Expected in March.

Intra State Telephone Co.
Jan. 29 filed 4,175 shares of common stock of which 3,675 shares are to be offered for subscription at $100 per share by common stockholders at the rate of one new share for each four shares held on Feb. 20. The balance of the shares are for the employee stock option plan. **Proceeds** — For general corporate purposes and payment of bank loans. **Office**—100 North Cherry St., Galesburg, Ill. **Underwriter**—None.

Investors Funding Corp. of New York
Feb. 12 filed six series of 10% subordinated debentures aggregating $1,800,000 in principal amount, with attached warrants for the purchase of an aggregate of 31,500 shares of common stock at $10 per share. **Price**—Debentures (with warrants) at 100% of principal amount. **Proceeds**—To be added to the company's general funds and working capital and will be used primarily for the purchase or improvement of parcels of real estate. **Underwriter**—None.

Island Industries, Inc.
Nov. 23 (letter of notification) $200,000 of 10-year 10% registered debentures. **Price**—$100 per debentures. **Proceeds**—For general corporate purposes. **Office** — 30 E. Sunrise Highway, Lindenhurst, N. Y. **Underwriter** — Heft, Kahn & Infante, Inc., Hempstead, L. I., N. Y. **Offering**—Expected at the end of February.

Keystone Electronics Co., Inc.
Feb. 12 filed 200,000 shares of common stock. Of this stock, 133,334 shares are to be offered for public sale for the account of the company and 66,666, being outstanding stock, by the holders thereof. **Price** — $3 per share. **Proceeds**—For additional equipment and inventory; for research and development; and the balance for working capital. **Office**—65 Seventh Ave., Newark, N. J. **Underwriters**—J. A. Winston & Co., Inc. and Netherlands Securities, Inc., both of New York.

★ **King & Heyne Fifth Oil**
Feb. 17 filed $1,500,000 of limited partnership interests in the partnership, to be offered in units. **Price**—$75,000 per unit. **Proceeds**—For property acquisitions, drilling and completion of exploratory wells, drilling and completion of development wells, and other related purposes. **Office** — Houston, Tex. **Underwriter**—William Blair & Co., Chicago, Ill.

La Crosse Cooler Co.
Feb. 9 filed 100,000 outstanding shares of common stock (par $2). **Proceeds** — To selling stockholder. **Price**—To be supplied by amendment. **Office**—2809 Losey Blvd., South La Crosse, Wis. **Underwriter**—Shearson, Hammill & Co., New York.

LaFayette Radio Electronics Corp.
Dec. 4 filed 225,000 shares of common stock ($1 par). **Price**—$5 per share. **Proceeds**—For general corporate purposes including inventory, leasehold improvements, and working capital. **Office** — 165-08 Liberty Avenue, Jamaica, L. I., N. Y. **Underwriter**—D. A. Lomasney & Co., New York City. **Offering**—Expected in mid-March.

● **Latrobe Steel Co.**
Feb. 12 filed 116,000 shares of capital stock, of which 60,000 shares will be offered for public sale by the company and 56,000 shares are outstanding and will be sold by officers of the company. **Price**—To be supplied by amendment. **Proceeds**—For new equipment and facilities and to enlarge the company's warehouse. **Underwriter**—Kidder, Peabody & Co., New York. **Offering**—Expected in late March.

Lawn Electronics Co., Inc.
Nov. 25 (letter of notification) 133,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—For general corporate purposes. **Office** — Woodward Road, Englishtown, N. J. **Underwriter**—Prudential Securities Corp., Staten Island, N. Y. The registration statement will be altered and the number of shares reduced.

Laymen Life Insurance Co.
Nov. 30 filed 175,000 shares of common stock (par $1), of which 35,000 shares are to be offered by company and 140,000 shares are to be offered by Laymen of the Church of God, with which the company is merging. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—1047 Broadway, Anderson, Indiana. **Underwriter**—To be supplied by amendment.

Lefcourt Realty Corp.
Jan. 29 filed $2,000,000 of six year 6% subordinated debentures, due Jan. 15, 1966, with warrants to purchase 300,000 shares of common stock at $5 per share. **Price**—At-the-market, on or after July 30, 1960. **Proceeds**—For payment of a $750,000 bank loan and general corporate purposes. **Office**—375 Park Ave., New York City. **Underwriter**—None.

Lewis Swimming Pool Construction Co., Inc.
Jan. 15 (letter of notification) 60,000 shares of class A common stock (par 50 cents). **Price** — $5 per share. **Proceeds**—To acquire property and for working capital. **Office**—115 Mary Street, Falls Church, Va. **Underwriter**—Securities Registration & Transfer Corp., Washington, D. C.

Liquid Veneer Corp.
Nov. 16 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price** — $2 per share. **Proceeds** — For general corporate purposes. **Office** — 211 Ellicott Street, Buffalo, N. Y. **Underwriter**—B. D. McCormack Securities Corp., New York, N. Y. **Note**—New underwriter expected.

● **Louisiana Power & Light Co. (3/29)**
Feb. 11 filed $20,000,000 of 1st mortgage bonds, due April 1, 1990. **Proceeds**—For construction and other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co., Blyth & Co., Inc. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co. and Harriman Ripley & Co., Inc. (jointly); Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); The First Boston Corp. and Glore, Forgan & Co. (jointly). **Bids**—To be received up to 11:30 a.m. (New York Time), on March 29, at the offices of Middle South Utilities, Inc., Two Broadway, New York 4, N. Y.

Love Corp.
Jan. 25 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**

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—For working capital. **Office**—New Tyler Highway, Henderson, Texas. **Underwriter**—Wm. B. Robinson & Co., Corsicana, Texas.

Loveless Properties, Inc.
Jan. 20 (letter of notification) 75,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To pay bills, for acquisition of Lacey Shopping Center, and for working capital. **Office**—603 Central Bldg., Seattle 4, Wash. **Underwriter** — Andersen, Randolph & Co., Inc., Salt Lake City, Utah.

● **Macco Corp. (3/7-11)**
Jan. 28 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To repay indebtedness incurred in real estate operations, to acquire and develop land, and for general corporate purposes. **Office**—14409 So. Paramount Blvd., Paramount, Calif. **Underwriters**—Kidder, Peabody & Co., New York City, and Mitchum, Jones & Templeton, Los Angeles.

Magnuson Properties, Inc.
June 29 filed 500,000 shares of class A common stock (amended on Aug. 24 to 150,000 shares of 6½% cumulative convertible preferred stock, par $10), and 150,000 shares of class A common stock, par $1, with common stock purchase warrants. Each share of class A common stock carries one warrant entitling the registered holder to purchase one share of such common stock at an initial price of $11 per share. **Price**—For preferred, at par; and for class A, $10.10 per share. **Proceeds**—$291,099 is to be expended during the period ending Aug. 31, 1960 for mortgage payments and releases; $465,000 will be paid on notes acquired by members of the Magnuson family in the transfers of subsidiaries and properties to the company; $106,000 will be used to close certain options and purchase contracts covering lands in the Melbourne-Cape Canaveral area; the balance will be added to the general funds of the company and used for general corporate purposes. **Office**—20 S. E. 3rd Ave., Miami, Fla. **Underwriter**—Blair & Co. Inc., New York.

Marine Fiber-Glass & Plastics, Inc.
Nov. 30 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For new plant expenditures, research and development and for working capital. **Office** — 2901 Blakely Street, Seattle 2, Wash. **Underwriter** — Best Securities, Inc., New York, N. Y., is no longer underwriting the issue. **New Underwriter**—Jacey Securities, 82 Beaver St.

● **Mayfair Industries, Inc.**
Feb. 17 filed 300,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the repayment of indebtedness. **Office** — Lafayette, La. **Underwriter** — Emanuel Deetjen & Co. (managing), New York City. **Offering**—Expected in March.

Megadyne Electronics, Inc.
Jan. 7 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—100 W. 10th Street, Wilmington, Del. **Underwriter**—Glenn Arthur Co., Inc., New York, N. Y.

● **Meyer (Fred), Inc. (3/14-18)**
Feb. 3 filed 400,000 shares of class A common stock (without par value) including 300,000 shares for the account of the issuer, and 85,000 shares for a company-connected estate. The remaining 15,000 shares are for officers and employees. **Price**—To be supplied by amendment. **Proceeds**—For the general fund, including constructing and equipping new shopping centers and working capital. **Office**—721 S. W. 4th Ave., Portland, Ore. **Underwriter**—Kidder, Peabody & Co. **Offering**—Expected about the second week in March.

Mid-America Minerals, Inc.
Nov. 16 filed 400,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, acquisition of properties, and additional working capital. **Office**—500 Mid-America Bank Building, Oklahoma City, Okla. **Underwriter**—None.

Mid-American Pipeline Co.
Feb. 17 filed $20,500,000 of 6½% subordinated debentures, due 1980, and 1,230,000 shares of common stock, to be offered in units of $50 of debentures and three shares of common. **Price**—To be supplied by amendment. **Office**—Tulsa, Okla. **Underwriters**—Bear, Stearns & Co., and White, Weld & Co., Inc., both of New York City.

● **Missile Components Corp.**
Jan. 18 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—2300 Shames Drive, Westbury, N. Y. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York, N. Y. **Offering**—Expected in about a week.

Missile Electronics, Inc.
Feb. 5 filed 214,500 shares of common stock, of which 200,000 shares will be sold for the company's account and the remaining 14,500 shares will be offered for the account of certain selling stockholders. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—89 West 3rd St., New York City. **Underwriter**—Pleasant Securities Co. of Newark, N. J.

Mississippi Power Co. (3/17)
Feb. 8 filed $4,000,000 of first mortgage 30-year bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon Union Securities & Co. and Equitable Securities Corp. (jointly). **Information Meeting**—March 14, 1960. **Bids**—Expected to be received on March 17 at the offices of Southern Services, Inc., 250 Park Avenue, New York 17, N. Y., up to 11 a.m. (EST).

Mobilife Corp.
Jan. 18 filed 250,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For debt reduction and working capital. **Office**—Sarasota, Fla. **Underwriter**—Plymouth Bond & Share Corp., Miami, Fla.

Modern Pioneers' Life Insurance Co.
Dec. 4 (letter of notification) 47,687 shares of common stock (par $1) to be offered to policyholders of Modern Pioneers' Insurance Co. and the company for cash or transfer of dividends. **Price**—$2 per share. **Proceeds**—For working capital. **Office**—811 N. Third Street, Phoenix, Ariz. **Underwriter**—Associated General Agents of North America, Inc.

Montgomery Mortgage Investment Corp.
Oct. 16 filed $3,000,000 of second mortgage notes and accompanying repurchase agreements, to be offered in $3,000 units. **Price**—From $2,000 to $4,000 per unit. **Proceeds**—To purchase other second trust notes and to maintain a reserve for repurchase of notes under its repurchase agreements. **Office**—11236 Georgia Avenue, Silver Spring, Md. **Underwriter**—There is no underwriter as such, but Adrienne Investment Corp., an affiliate of the issuing company, will act as sales agent, for which it will receive a selling commission of 7%.

★ **Mortgage Discount Corp.**
Feb. 16 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—To be invested in notes secured by first and second liens upon properties. **Office**—Suite 1101 Denver U. S. National Bank Building, Denver, Colo. **Underwriter**—None.

● **MPO Videotronics, Inc. (3/1)**
Jan. 18 filed 150,000 shares of class A stock ($1 par) of which 100,000 share are to be offered for account of issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including debt reduction. **Office**—15 East 53rd Street, New York City. **Underwriter**—Francis I. du Pont & Co., New York City.

M. & S. Oils Ltd.
May 11 filed 390,000 shares of common stock. **Price**—60 cents per share. **Proceeds** — For exploration, development and acquisitions. **Office**—5 Cobbold Block, Saskatoon, Saskatchewan, Canada. **Underwriter** — Cumberland Securities Ltd., Regina, Saskatchewan, Canada.

Munston Electronic Manufacturing Corp.
Nov. 9 (letter of notification) 50,000 shares of common stock (par 10 cents). **Price**—$6 per share. **Proceeds**—For general corporate purposes. **Office**—Beech Street, Islip, N. Y. **Underwriter**—Heft, Kahn & Infante, Inc., Hempstead, N. Y., is no longer underwriting this issue. The new underwriter is David Barnes & Co., Inc. of New York City. **Offering**—Expected in early March.

Murphy Finance Co.
Dec. 21 filed 100,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—For working capital and debt reduction. **Office**—174 E. 6th St., St. Paul, Minn. **Underwriter**—Piper, Jaffray & Hopwood, Minneapolis, Minn.

Mutual Credit Corp.
Oct. 6 (letter of notification) $300,000 of 6½% convertible subordinated debentures, series A, due Oct. 1, 1969. Debentures are convertible at any time through Oct. 1, 1968 into class A non-voting common stock (par $5) at the rate of 100 shares of such stock for each $500 of debentures converted. **Price**—At face amount. **Proceeds**—For the general funds of the company. **Office**—c/o Raymond F. Wentworth, 6 Milk St., Dover, N. H. **Underwriter**—Eastern Investment Corp., Manchester, N. H.

★ **Naess & Thomas Special Fund, Inc.**
Feb. 19 filed 1,000,000 shares of capital stock. **Price**—$10 per share. **Proceeds** — For investment. **Office** — 2602 Mathieson Building, Baltimore, Md.

National Lawnservice Corp.
Jan. 11 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 410 Livingston Avenue, North Babylon, N. Y. **Underwriter**—Fund Planning Inc., New York, N. Y.

● **Nord Photocopy & Business Equipment Co. (3/2)**
Jan. 27 filed 36,400 shares of common stock, of which 3,500 shares are to be offered for the account of the issuing company and 32,900 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be related to the market. **Proceeds**—To buy outstanding capital shares of Television Utilities Corp., with the balance for general corporate purposes. **Office**—New York City. **Underwriter**—Myron A. Lomasney & Co., New York City. **Note** — Last Sept. 25 the same underwriter offered to quick oversubscription 100,000 shares of Nord common at $5 per share.

North Carolina Telephone Co.
Sept. 4 filed 576,405 shares of common capital stock, to be offered for subscription by holders of outstanding stock in the ratio of two new shares for each five shares held. **Price**—$2 per share. **Proceeds**—To reduce indebtedness with the balance, if any, to be used as working capital. **Office**—Matthews, N. C. **Underwriter**—One or more security dealers will be offered any shares not subscribed for at $2 per share.

Northern Indiana Public Service Co. (3/15)
Feb. 9 filed $15,000,000 in bonds of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Dean Witter & Co. (to handle the books); Blyth & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly). **Bids**—Expected to be received on March 15.

● **Nu-Era Corp.**
Nov. 30 filed 275,000 shares of common stock, of which 200,000 are to be publicly offered. **Price**—$3.75 per share. **Proceeds**—To reduce indebtedness and increase inventories of gears and mufflers. **Office** — 342 South St., Rochester, Michigan. **Underwriter**—Mortimer B. Burnside & Co., Inc., on an "all or nothing best efforts" basis. The underwriter will receive $15,000 for expenses, a $.75 per share selling commission on the 200,000 shares comprising the public offering, and the privilege of purchasing 37,500 shares of the common stock at $.10 per share. The 37,500 shares thus far unaccounted for are to be sold to John L. Appelbaum at $.10 per share in consideration of certain services rendered. **Offering**—Expected any day.

Oil, Gas & Minerals, Inc.
April 2 filed 260,000 shares of common stock (par 35 cents. **Price**—$2 per share. **Proceeds**—To retire bank loans and for investment purposes. **Office**—513 International Trade Mart, New Orleans, La. **Underwriter** Assets Investment Co., Inc., New Orleans, La. The SEC "stop order" hearing has been postponed from Jan. 23 to Feb. 25.

One-Hour Valet, Inc.
Feb. 3 filed $2,000,000 of 6% convertible subordinated debentures, due March 1, 1975, and 100,000 shares of common stock (par $1). **Prices**—Debentures at 100% of principal amount, and price of the common stock to be supplied by amendment. **Proceeds**—For the repayment of indebtedness, renovation and expansion, and working capital. **Office** — 1844 West Flagler St., Miami, Fla. **Underwriter**—Van Alstyne, Noel & Co. of New York City.

Ovitron Corp., Detroit, Mich.
Oct. 27 filed 150,000 shares of common stock (par one cent). **Price**—$6 per share. **Proceeds**—For research and working capital. **Underwriter**—Sutro Bros. & Co., New York. **Offering**—Indefinite.

Oxy-Catalyst, Inc.
Dec. 23 filed 28,637 shares of common stock. The company proposes to offer 11,372 shares for subscription by its common stockholders of record Jan. 15, 1960, upon the basis of one new share for each 50 shares then held. The remaining 17,265 shares are to be offered to certain officers and employees of the company upon the exercise of options to purchase said shares, the option price being $9.35 as to 6,575 shares and $11 as to 10,690. **Price**—For rights offering, to be supplied by amendment. **Proceeds**—For additional working capital. **Office**—511 Old Lancaster Road, Berwyn, Pa. **Underwriter**—None.

Pacific Gold, Inc.
Dec. 9 (letter of notification) 75,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For mining expenses. **Office**—404 Mining Exchange Building, Colorado Springs, Colo. **Underwriter**—Birkenmayer & Co., Denver, Colo.

● **Pacific Panel Co.**
Feb. 8 filed 100,000 shares of class A common stock. **Price**—$4.50 per share. **Proceeds**—For reduction of indebtedness; for working capital; for establishment of three additional stores; and to provide additional working capital for a new subsidiary. **Office**—1212 West 26th St., Vancouver, Wash. **Underwriter**—Frank Karasik & Co., Inc. **Offering**—Expected in April.

Palm Beach-Dade Corp. (3/1)
Jan. 7 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Office**—North Miami Beach, Fla. **Underwriter**—T. M. Kirsch & Co., 52 Wall Street, New York.

Park Royal Associates
Feb. 16 filed $2,235,000 of limited partnership interests. **Price**—$5,000 per unit. **Office**—New York City. **Underwriter**—Warren Securities Corp.

Pentron Electronics Corp.
Feb. 4 filed 250,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds** — $115,000 for payment in full of outstanding 6% sinking fund debentures, plant renovation, new equipment, and the balance to the general fund. **Office**—777 So. Tripp Ave., Chicago, Ill. **Underwriter**—Stanley Heller & Co., of New York City.

● **Phillips Developments, Inc. (3/1-4)**
Dec. 21 filed 400,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For property development, possible acquisitions, and working capital. **Office** — 1111 West Foothill Blvd., Azusa, Calif. **Underwriters**—Allen & Co., Bear, Stearns & Co., and Sutro Bros. & Co., all of New York City.

● **Pidgeon (Walter) Steel Products, Inc.**
Feb. 9 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For tooling and machinery of manufacturing plant, inventory, advertising and working capital. **Office** — 10 Union Avenue, Bala-Cynwyd, Pa. **Underwriter**—Heft, Kahn & Infante, Inc., Rockville Centre, N. Y.

★ **Pilot's Car Rental Service Co., Inc.**
Feb. 17 (letter of notification) 60,000 shares of class A common stock (par $1). **Price**—$2 per share. **Proceeds**—To pay indebtedness and to purchase additional Volkswagen automobiles and for working capital. **Office**—10810 E. Nolcrest Drive, Silver Spring, Md. **Underwriter**—H. L. Smith Co., College Park, Md.

★ **Plainfield-Union Water Co.**
Feb. 19 filed 68,676 shares of common stock, to be offered for subscription by common stockholders of record March 31, 1960, at the rate of one new share for each 2½ shares then held. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Office**—120 West Seventh Street, Plainfield, N. J. **Underwriter**—W. C. Langley & Co., New York.

Plastic & Fibers, Inc.
Jan. 18 (letter of notification) 85,714 shares of common stock (par 40 cents). **Price**—$3.50 per share. **Proceeds**—For general corporate purposes. **Office** — Whitehead Ave., South River, N. J. **Underwriter**—Arnold Malkan & Co., Inc., New York, N. Y.

Precision Transformer Corp., Chicago
Dec. 29 filed $700,000 of 6½% subordinated convertible debentures, due 1970, with attached warrants to purchase 28,000 common shares; and warrants for the purchase of 125,000 common shares, which may be issued to company-connected people; and 150,000 common shares. **Prices**—For the debentures, par; for the common, the price will be supplied by amendment. **Proceeds** — For debt reduction, plant construction, and equipment. **Underwriter**—John R. Boland & Co., Inc., New York City, who will work on a "best efforts" basis and receive a commission of $120 per $1,000 debentures sold.

★ **Premium Acceptance Corp.**
Feb. 17 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.15 per share. **Proceeds**—For working capital. **Office**—212 S. Tryon Street, Charlotte, N. C. **Underwriter**—R. L. Hoffman, Charlotte, N. C.

Professional Life & Casualty Co.
Jan. 29 filed 180,000 shares of common stock. **Price**—$10 per share. **Proceeds**—For the company's insurance business and expenses, and working capital for the procurement of business. **Office**—720 N. Michigan Ave., Chicago, Ill. **Underwriter**—Professional Casualty Agency Co., Chicago, Ill.

★ **Public Mortgage Co., Inc. of Florida**
Feb. 18 filed $4,500,000 of Investment Contracts relating to the sale of whole first and second mortgage loans secured by mortgages on real estate. **Price**—The contracts have no stated offering price apart from the principal amount of the mortgage loans to which they relate. **Office**—36 N. E. 1st St., Miami, Fla. **Underwriter**—Sales of mortgage loans and related investment contracts in Florida will be made by the company directly, with no underwriting commissions thereon; and sales in New York will be made through Public Investing, Inc.

● **Pueblo Supermarkets, Inc. (3/9)**
Feb. 5 filed 200,000 shares of common stock, 70,000 shares of which are to be offered for public sale, and the balance being outstanding shares of present holders. **Price**—To be supplied by amendment. **Proceeds** — For expansion purposes. **Office**—Caparra Heights, San Juan, Puerto Rico. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc.

Puerto Rico Industries, Inc.
Oct. 15 filed 48,500 shares of class A common stock (par $1), 200,000 shares of class B common stock (par $1) and $388,000 of 6% subordinated debentures, due July 1, 1971. With the exception of 151,500 shares of class B common allocated to the organizers of the company at par, the securities are to be offered to the public in units of $4,000 of debentures, 500 class A shares, and 500 class B shares. **Price**—$5,000 per unit. **Proceeds**—For investment in the securities of its subsidiary, Puerto Rico Meat Packing Co., Inc., which will use the funds, estimated at $600,000, as operating capital. **Address**—P. O. Box No. 622, Little Rock, Ark. **Underwriter**—None.

Puget Park Corp. (3/1)
Jan. 6 filed 125,650 shares of common stock. **Price**—$6.50 per share. **Proceeds**—To buy land and reduce indebtedness. **Office**—Seattle, Wash. **Underwriter**—Hill, Darlington & Co., of Seattle and New York City.

● **Radiant Lamp Corp.**
Feb. 10 filed 120,000 shares of class A stock. **Price**—$5 per share. **Proceeds** — To repay a bank loan, and for working capital. **Office**—300 Jelliff Ave., Newark, N. J. **Underwriter**—Amos Treat & Co., Inc., New York. **Offering**—Expected in April.

Realty Equities Corp.
Feb. 2 filed 150,000 shares of common stock. **Price**—$5.25 per share. **Proceeds**—For general corporate purposes. **Office**—New York City. **Underwriter**—Sutro Bros. & Co., also of New York City. **Offering**—Expected in March.

★ **Remco Industries, Inc.**
Feb. 19 filed 100,000 outstanding shares of common stock. **Proceeds**—To selling stockholders. **Office**—113 N. 13th Street, Newark, N. J. **Underwriter**—Paine, Webber, Jackson & Curtis, New York.

Reserve Finance Corp.
Feb. 4 (letter of notification) 135,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To operate a finance business. **Office**—Suite 531 Guaranty Bank Building, Denver, Colo. **Underwriter** — Life Insurance Stocks, Inc., Denver, Colo.

Reserve Insurance Co.
Feb. 1 filed 70,000 shares of capital stock, of which 30,676 shares are to be offered for public sale for the account of the issuer and the balance for the account of present holders. **Price**—To be supplied by amendment. **Proceeds**—To be used for financing additional business; for qualifying to transact business in other states, and the general fund. **Office**—180 West Adams St., Chicago, Ill. **Underwriters** — Walter C. Gorey Co., San Francisco, Calif.; Freehling, Meyerhoff & Co., Chicago, Ill.; John C. Legg & Co., Baltimore, Md.; Semple, Jacobs & Co., Inc., St. Louis, Mo.; Sutro & Co., San Francisco, Calif.

Roulette Records, Inc.
Aug. 27 filed 330,000 shares of common stock (one cent) of which 300,000 shares are to be publicly offered. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including moving to new quarters and installing executive offices and sound studio facilities therein, acquiring technical equipment and machinery, and adding to working capital. **Office** — 659 10th Avenue, New York. **Underwriter**—Hilton Securities, Inc., 580 Fifth Avenue, New York, formerly known as Chauncey, Walden, Harris & Freed at the same address, states that it is no longer underwriting this issue.

★ **San Diego Imperial Corp.**
Feb. 24 filed $5,000,000 of subordinated convertible debentures, due April 1975, and 600,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For the account of selling stockholders and for the company, to reduce indebtedness and for investment. **Office**—San Diego, Calif. **Underwriters**—White, Weld & Co., New York City, and J. A. Hogle & Co., Salt Lake City, Utah.

Secode Corp. (3/14)
Dec. 28 filed $1,500,000 of 6% convertible subordinated debentures due July 1, 1965. The company proposes to offer $300,000 of the debentures in exchange for its 6% convertible notes due July 30, 1962; $587,000 in exchange for its demand notes totaling $587,000; and the balance, or $613,000, to the public for cash. **Office**—555 Minnesota Street, San Francisco, Calif. **Underwriter**—No underwriting is involved; but the debentures offered for the cash sale will be sold on a best efforts basis through dealers who will receive a 5% commission.

Security Mortgages, Inc.
Nov. 30 filed $250,000 of 11-year sinking fund debentures and 62,500 shares of class A common stock (par 15 cents), to be offered in units of 1 debenture and 25 common shares. **Price**—$100 per unit. **Proceeds**—To invest in equities and/or mortgages. **Office** — Denver 2, Colo. **Underwriter**—None.

● **Seneca Gas & Oil Corp.**
Dec. 24 filed 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For drilling. **Office**—Erie, Pa. **Underwriter**—Edgar B. Hunt Co., New York City. **Offering**—Imminent.

Shield Chemical Ltd.
Sept. 8 (letter of notification) 95,000 shares of capital stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—To purchase and install manufacturing equipment; control and test equipment; advertising and for working capital. **Office**—17 Jutland Road, Toronto, Canada. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colorado.

★ **Sierra Pacific Power Co.**
Feb. 23 filed 49,714 shares of common stock, to be offered for subscription by holders of the outstanding common of record March 14 on the basis of one new share for each 15 then held. **Price**—To be supplied by amendment. **Proceeds**—To be applied to payment of loans. **Office**—Reno, Nev. **Underwriter**—None.

Solon Industries, Inc.
Jan. 26 (letter of notification) 50,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—c/o A. M. Hubman, 4061 Conover Road, University Heights, Ohio. **Underwriter**—Gaither & Co., Inc., Cleveland, Ohio.

● **Sonar Radio Corp. (3/1-2)**
Jan. 22 filed 195,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To move to new plant facilities; to acquire additional working capital; to expand production facilities and for operations; for research and development; for test equipment and for advertising and sales promotion. **Office**—3050 W. 21st Street, Brooklyn, N. Y. **Underwriter**—George, O'Neill & Co., Inc., New York, N. Y.

● **South Bay Industries, Inc. (3/15)**
Dec. 11 filed 210,000 shares of class A stock. **Price**—$5 per share. **Proceeds**—To pay off bank loans, purchase machinery, and add to working capital. **Office** — 42 Broadway, New York City. **Underwriter**—Amos Treat & Co., Inc., of New York City, on a "best efforts" basis. **Offering**—Expected in March.

Southeastern Public Service Co.
Jan. 14 filed 104,961 shares of common stock, being offered to common stockholders of record Feb. 10 on the basis for one new share for each 10 shares then held; rights expire March 1. **Price**—$11.25 per share. **Proceeds**—For general corporate purposes, including investments in the issuer's subsidiaries. **Office**—70 Pine St., New York City. **Underwriter**—Bioren & Co., Philadelphia, Pa.

Southern Growth Industries, Inc.
Nov. 12 filed 963,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For investment. **Office** — Greenville, S. C. **Underwriter** — Capital Securities Corp., 121 So. Main Street, Greenville, So. Car., on a "best efforts" basis, with a commission of 50 cents per share.

Southland Oil Ventures, Inc.
Nov. 27 filed $2,000,000 of participations in its 1960 Oil and Gas Exploration Program. **Price**—$5,000 per unit, with a minimum participation of $10,000. **Proceeds**—For exploration. **Office** — 2802 Lexington, Houston, Texas. **Underwriter**—The participations will be offered by officers of the company and by certain investment firms.

● **Southwest Forest Industries, Inc.**
Jan. 29 filed not to exceed an aggregate of $13,500,000 of subordinated income debentures, due 1985, and common stock, to be offered in units of such debentures and such common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital and the construtcion of new plant. **Office** — 444 First National Bank Building, Phoenix, Ariz. **Underwriter**—White, Weld & Co., New York City. **Offering**—Expected in late March.

● **Standard Screw Co.**
Feb. 17 filed 210,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To estate of a selling stockholder. **Office**—Bellwood, Ill. **Underwriter**—Hornblower & Weeks, New York. **Offering**—Expected in mid-March.

Stantex Corp.
Dec. 28 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For new quarters, expansion and working capital. **Office**—40 N. 2nd Street, Philadelphia, Pa. **Underwriters**—First City Securities, Inc., New York, N. Y. and Frank P. Hunt & Co., Inc., Rochester, N. Y. **Offering**—Expected any day.

State Hospital Insurance Association, Inc.
Jan. 27 (letter of notification) 12,750 shares of common stock (no par) to be offered for subscription by stockholders of record Jan. 15, 1960 and unsubscribed shares to the public. Rights expire Feb. 25, 1960. **Price** — To stockholders, $11.50 per share; to the public, $12.50 per share. **Proceeds**—For working capital. **Office**—106 W. Church St., Tarboro, N. C. **Underwriter** — Powell & Co., Fayetteville, N. C.

★ **Sterilon Corp.**
Feb. 19 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 500 Northland Avenue, Buffalo, N. Y. **Underwriter**—Shields & Co., New York.

Stelling Development Corp.
June 8 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mortgages, land, paving roads, loans payable, advertising, etc. **Office**—305 Morgan St., Tampa 2, Fla. **Underwriter**—Stanford Corp., Washington, D. C.

Su Mark Boat, Inc.
Jan. 25 (letter of notification) 96,250 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—To pay bank indebtedness, acquire new equipment and tools, and for working capital. **Office**—Stone Street, Walpole, Mass. **Underwriters**—Street & Co. and A. J. Frederick & Co., Inc., New York, N. Y. **Note** — Name has been changed from Su Mark, Inc.

● **Sunair Electronics, Inc. (3/1-4)**
Dec. 28 filed 200,000 shares of common stock (par $.10). **Price**—$3.00 per share. **Proceeds**—For new equipment, construction, and working capital. **Office** — Broward County International Airport, Ft. Lauderdale, Fla. **Underwriter**—Frank Karasik & Co., Inc., of New York City.

Supermarket Service, Inc.
Oct. 14 (letter of notification) 9,000 shares of common stock (no par). **Price**—$11.50 per share. **Proceeds**—For working capital. **Office** — 103 E. Main St., Plainville, Conn. **Underwriter** — E. T. Andrews & Co., Hartford, Conn.

Supronics Corp.
Jan. 29 filed 120,000 shares of common stock. **Price**—$6 per share. **Proceeds**—$50,000 to reduce short-term bank loans, and the balance to be used for general corporate purposes, including expanding the business. **Office**—224 Washington Street, Perth Amboy, N. J. **Underwriters**—Standard Securities Corp., Herzig, Farber & McKenna, and Irving Weiss & Co., all of New York City, and Bruno-Lenchner, Inc., Pittsburgh, Pa.

Surety Life Insurance Co.
Jan. 29 filed 10,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For expansion of the business. **Office**—1935 So. Main Street, Salt Lake City, Utah. **Underwriter**—J. A. Hogle & Co., Salt Lake City, Utah.

Sutton Leasing Corp.
Feb. 9 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—9 Rockefeller Plaza, New York 20, N. Y. **Underwriter**—T. M. Kirsch Co., New York, N. Y. **Offering**—Expected in March.

System Finance Co.
Dec. 15 (letter of notification) $250,000 of 6% subordinated notes due Jan. 1, 1966. **Price**—At face amount. **Proceeds**—For working capital. **Office**— 610 S. Sixth St., Champaign, Ill. **Underwriter** — Hurd, Clegg & Co., Champaign, Ill.

Tayco Developments, Inc. (3/1)
Dec. 23 filed 5,390 shares of common stock to be offered for subscription by common stockholders at the rate of ten-seventy-fifths of a share for each share held. **Price**—$28.75 per share. **Proceeds**—For working capital and to secure additional patents on present inventions, and to continue and expand research and development work in the field of liquid compressibility devices and other areas. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., New York.

Taylor Devices, Inc. (3/1)
Dec. 23 filed 18,705 shares of common stock to be offered for subscription by common stockholders on the basis of six-tenths of one share for each share held. **Price**—$28.75 per share. **Proceeds** — To repay a short-term loan, for additional working capital, and to establish expanded executive sales and manufacturing personnel and to continue research and development, and the balance to lease or purchase additional factory and office space. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., New York.

● **Teletray Electronic Systems, Inc.**
Jan. 27 filed 150,000 shares of class A common stock. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—880 Bonifant Street, Silver Spring, Md. **Underwriter**—A. T. Brod & Co., New York City. **Offering**—Expected in late March.

● **Tenax, Inc. (3/28-4/1)**
Feb. 16 filed 150,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For expansion

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of issuer's freezer and food sale business. **Office**—375 Park Avenue, New York City. **Underwriter**—Myron A. Lomasney, New York City.

★ Tenderloin Co.
Feb. 17 filed $350,000 of limited partnership interests. **Price**—To be offered for public sale in units of $7,000 (or 50 units). **Proceeds**—Primarily for the producing of the dramatic-musical play presently entitled "Tenderloin." **Office**—630 Fifth Ave., New York City. **Underwriter**—None.

● Texize Chemicals, Inc. (3/1)
Jan. 22 filed 174,576 shares of common stock, of which 88,000 shares are to be offered for the account of the present holders thereof and the remaining 86,576 shares are to be offered for subscription by stockholders at the rate of one additional share for each eight shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Greenville, S. C. **Underwriter**—Kidder, Peabody & Co., New York, N. Y.

Tip Top Products Co.
Feb. 11 filed $600,000 of first mortgage sinking fund bonds, series B, due December, 1969, (with warrants). Warrants attached to each $1,000 bond will entitle holders to purchase 20 shares of class A common stock at an initial price of $11 per share. **Price**—100% of principal amount. **Proceeds** — To pay $420,000 due to Western Electric Co., Inc.; and the balance for general corporate purposes. **Underwriters**—J. Cliff Rahel & Co., Omaha, Neb. and The First Trust Co. of Lincoln, Neb.

● Toronto, Metropolitan Municipality of (3/1)
Feb. 17 filed $41,318,000 of debentures, comprised of $6,864,000 of instalment debentures, due March 1, 1961 through 1980, and $34,454,000 of sinking fund debentures due March 1, 1965 and at five-year intervals thereafter to 1990. **Proceeds** — For various public works projects in the Municipality. **Underwriter**—Harriman Ripley & Co., Inc., and the Dominion Securities Corp., both of New York.

Tower's Marts, Inc.
Aug. 28 filed 300,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To reduce indebtedness by about $300,000, with the balance to be added to working capital of the company and its subsidiaries. **Office**—210 East Main Street, Rockville, Conn. **Underwriters**—To be supplied by amendment.

● Transit Freeze Corp. (2/29)
Dec. 3 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For expenses incidental to the development of a frozen food trucking business. **Office**—152 W. 42nd Street, New York City. **Underwriter** — Jerome Robbins & Co., 82 Wall Street, on a "best efforts" basis.

Transcon Petroleum & Development Corp., Mangum, Okla.
March 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil properties. **Underwriter**—First Investment Planning Co., Washington, D. C.

● Transworld Equipment Corp.
Jan. 25 (letter of notification) 139,832 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—119 W. 26th Street, New York 1, N. Y. **Underwriter**—First City Securities, Inc., New York, N. Y. **Offering**—Expected in late March.

Tri-State Petroleum Corp.
Nov. 12 (letter of notification) 199,900 shares of common stock (par five cents). **Price**—$1.50 per share. **Proceeds**—For expenses for drilling and producing oil. **Office**—1403 G. Daniel Baldwin Bldg., Erie, Pa. **Underwriter**—Daggett Securities Inc., Newark, N. J.

★ Tungsten Mountain Mining Co.
Feb. 15 (letter of notification) 50,000 shares of common stock (par $1) to be offered first for subscription by stockholders on the basis of one new share for each eight shares held. **Price**—$2 per share. **Proceeds**—For mining operations. **Office**—511 Securities Bldg., Seattle, Wash. **Underwriter**—H. P. Pratt & Co., Inc., Seattle, Wash.

★ Ultrasonics Industries, Inc.
Feb. 12 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—141 Albertson Avenue, Albertson, N. Y. **Underwriter**—None.

● Universal Transistor Products Corp. (2/29)
Dec. 18 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 36 Sylvester Street, Westbury, L. I., N. Y. **Underwriters**—Michael G. Kletz & Co., Inc. and Amos Treat & Co., Inc., New York, N. Y.

Variable Annuity Life Insurance Co. of America
April 21 filed $4,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—1832 M Street, N. W., Washington, D. C. **Underwriter**—None.

Vernitron Corp.
Feb. 2 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—136 Church St., New York, N. Y. **Underwriters**—J. A. Winston & Co., Inc.; Netherlands Securities Co., Inc. and V. K. Osborne & Sons, Inc., 40 Exchange Place, all of New York, N. Y.

Walnut Grove Products Co., Inc. (3/7)
Jan. 29 filed 300,000 shares of class A common stock (par $2), and $3,000,000 of 15-year 6½% sinking fund debentures, with warrants to purchase 50 class A common shares with each $1,000 debenture. **Price**—To be supplied by amendment. **Proceeds**—To repay bank borrowings of $4,500,000 and replenish working capital. **Office**—Atlantic, Iowa. **Underwriters**—First Trust Co., Lincoln, Neb., and Cruttenden, Podesta & Co., Chicago.

Waters Manufacturing, Inc.
Jan. 29 (letter of notification) 60,000 shares of common stock (par $1) of which 20,000 shares are to be offered by Robert A. Waters, President and the balance by the company. **Price**—$5 per share. **Proceeds**—For working capital. **Office**—533 Boston Post Road, Wayland, Mass. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

● Wells Industries Corp.
Jan. 29 filed 300,000 shares of common stock and warrants for the purchase of an additional 100,000 shares. **Price** — To be supplied by amendment. **Proceeds** — $350,876 will be used to retire certain debts, with the remainder to be used for construction, equipment, and working capital. **Office**—6505 Wilshire Boulevard, Los Angeles, Calif. **Underwriter**—A. T. Brod & Co., New York City. **Offering**—Expected in late March.

West Branch Bell Telephone Co.
Jan. 28 filed 1,120 shares of common stock ($50 par) and $150,000 of 5% convertible subordinated debentures, due April 1, 1980, being offered to stockholders and employees of record Feb. 5 on the basis of $500 of debentures for each 10 common shares held; the stock is being offered on the basis of one new share for each five shares held, with 1,000 shares being offered to stockholders and the remaining 120 shares being offered to employees. Initial conversion price is $70 per share. **Prices**—For the debentures, at 100% of principal amount; for the common, to be supplied by amendment. **Proceeds**—For equipment and working capital. **Office**—31 South Main St., Muncy, Pa. **Underwriter**—Blair & Co., Inc., New York City.

★ Western Electric Co., Inc.
Feb. 16 filed 2,156,712 shares of common stock (no par) being offered to stockholders of record at close of business Feb. 5, 1960, on the basis of one new share for each eight shares then held. **Price**—$50 per share. **Proceeds** — For general corporate purposes. **Office** — 195 Broadway, New York 7, N. Y. **Underwriter**—None.

Whitmoyer Laboratories, Inc. (2/29)
Jan. 28 filed 85,000 shares of common stock and $500,000 of 6% subordinated debentures, due 1977, with warrants for the purchase of 10,000 additional common shares at $5 per share. **Price** — For the debentures, 100% of principal amount; for the 85,000 common shares, $6 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, sales promotion, and equipment. **Office**—Myerstown, Pa. **Underwriter**—Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia, Pa.

Willer Color Television System, Inc.
Jan. 29 (letter of notification) 86,403 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—151 Odell Avenue, Yonkers, N. Y. **Underwriter**—Investment Brokers of N. J., Inc., 844 Broad Street, Newark, N. J.

Wynn Pharmacal Corp.
Jan. 29 (letter of notification) 4,380 shares of class B common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—To go to selling stockholders. **Office**—5051 Lancaster Ave., Philadelphia, Pa. **Underwriter**—Charles A. Taggart & Co., Inc., Philadelphia.

Wyoming Nuclear Corp.
Sept. 11 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—Noble Hotel Bldg., Lander, Wyo. **Underwriter**—C. A. Benson & Co., Inc., Pittsburgh, Pa.

★ Yuba Consolidated Industries, Inc.
Feb. 18 filed $6,000,000 of convertible subordinated debentures, due March, 1975. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—1 Bush St., San Francisco, Calif. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Prospective Offerings

Acoustica Associates, Inc.
Feb. 5 it was reported that this company will probably file an undetermined amount of common stock in April. **Office**—Glenwood Landing, L. I., N. Y. **Underwriter**—Lehman Brothers of New York City.

Alabama Power Co. (4/7)
Dec. 9 it was announced that this company plans registration with the Securities and Exchange Commission of $19,500,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Lehman Brothers; The First Boston Corp.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. and Drexel & Co. (jointly). **Information Meeting**—Scheduled for April 4, 1960. **Bids**—Expected to be received on April 7. **Registration**—Scheduled for March 4.

★ Applied Electronics Corp. of New Jersey
Feb. 23 it was announced that the company expects to register 200,000 shares of class A common stock, (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For the company's missile and space program. **Office**—22 Center Street, Metuchen, N. J. **Underwriter**—S. D. Fuller & Co., New York, N. Y. **Probable Offering**—End of March.

● Bank of California (3/29)
Feb. 10 it was announced that this Bank has called a special meeting of stockholders for March 29 to authorize the sale of 256,930 additional shares of stock. Stock will be offered to shareholders of record March 29 at the rate of one new share for each five shares then held; rights expire April 19. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif.

★ Black Hills Power & Light Co.
Feb. 11 it was announced that the Federal Power Commission has authorized this utility, of Rapid City, S. D., to issue 7,727 shares of common stock (par $1) as a 2% dividend to its present common holders. No fractional shares will be issued, and stockholders will have the option of buying the additional fractional interest required to make full shares, or to sell their fractional interests.

Bliss & Laughlin, Inc.
Jan. 27 it was reported that registration is imminent for 36,157 shares of common stock, to be exchanged for the outstanding shares of Sierra Drawn Steel Corp., Los Angeles, on the basis of 8/10 shares of Bliss for each of Sierra's 45,197 shares. **Office**—Harvey, Ill.

★ British Columbia Telephone Co.
Feb. 10 it was announced that this company will ask its stockholders at a special March 10 meeting to vote a new $12,000,000 issue of preferred. **Proceeds**—For acquisition of shares in similarly engaged companies. **Office**—Vancouver, B. C.

California Electric Power Co.
Feb. 3 it was reported that there might be some new financing in the second quarter of this year, probably in the form of bonds. **Proceeds**—For construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Kidder, Peabody & Co., and White, Weld & Co.

★ California-Pacific Utilities Co.
Feb. 8 it was reported to this newspaper by the First California Co. that they have been discussing new financing with this utility, to take place in the first quarter of this year, in the amount of approximately $750,000.

Carolina Power & Light Co. (4/5)
Feb. 8 it was reported that $25,000,000 of 30-year first mortgage bonds will be offered. **Office**—336 Fayetteville Street, Raleigh, N. C. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); W. C. Langley & Co. and First Boston Corp. (jointly); Kuhn, Loeb & Co. and Equitable Securities Corp. (jointly); Lehman Brothers; Blyth & Co. **Bids**—Expected to be received on April 5 at 11:00 a.m. **Information Meeting**—Scheduled for April 1 at 11:00 a.m.

Central Illinois Electric & Gas Co.
Feb. 3 it was reported that around July about $10,000,000 of first mortgage bonds will be filed. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Kidder, Peabody & Co., and White, Weld & Co. (jointly); First Boston Corp., Blair & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and Stone & Webster Securities Corp. (jointly).

Chesapeake & Potomac Telephone Co. of West Virginia (3/15)
Feb. 5 it was reported that this utility expects to sell $25,000,000 of debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Morgan Stanley & Co.; First Boston Corp. **Bids**—To be received on March 15 at 11:00 a.m.

● Coffee House, Inc., Lansing, Mich.
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — To build chain of coffee houses, establish commissaries and for general corporate purposes. **Office** — 1500 Clifton Ave., Lansing, Mich. **Offering** — Expected in April; underwriter to be announced.

★ Columbia Gas System Inc. (5/5)
Feb. 24 it was reported that this company plans to file $25,000,000 of debentures sometime in April. **Price**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., and White, Weld & Co. (jointly); Morgan Stanley & Co. **Bids**—Expected to be received on May 5.

Commonwealth Edison Co.
Feb. 9 it was reported that there is expected to be about $30,000,000 of 30-year first mortgage bonds filed, probably within the next six months. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Glore, Forgan & Co.

Consolidated Research & Mfg. Corp.
Dec. 16 it was reported that this firm, founded last August as a Delaware corporation, plans its first public financing in the form of a common stock offering scheduled for next spring. **Business**—The company produes spray containers to combat ice, snow, and fog. **Proceeds**—For expansion. **Office**—1184 Chapel St., New Haven, Conn. **President**—Marvin Botwick.

Electrada Corp.
Feb. 3 it was reported that this company is planning financing sometime in the Spring. **Office** — Beverly Hills, Calif. **Underwriter**—Bache & Co. of New York City and Beverly Hills, Calif.

Electronic Development Corp. of Florida
Feb. 15 it was reported that this company is planning to file via a "Regulation A" 150,000 shares of common stock. **Price**—Reported to be $2 per share. **Underwriter**—T. M. Kirsch & Co. (managing underwriter); A. J. Frederick Co. Inc. and Street & Co., Inc. **Offering**—Expected in about three to four weeks.

Englehard Industries, Inc.
Dec. 2 it was reported that this Newark, N. J., corporation might make an announcement in the next two

weeks concerning a forthcoming issue of common stock. Although no confirmation has been forthcoming, it is understood that auditors visited the company in late December. Registration is still believed likely in the near future.

Georgia Power Co. (11/3)
Dec. 9 it was announced that the company plans registration of $12,000,000 of 30-year first mortgage bonds with the SEC. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Equitable Securities Corp., and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Registration**—Scheduled for Sept. 26. **Bids**—Expected to be received on Nov. 3. **Information Meeting**—Scheduled for Oct. 31.

Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration with the SEC of $5,000,000 first mortgage 30-year bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Salomon Bros. & Hutzler, and Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co. **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration** — Scheduled for June 3.

Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration of 50,000 shares of preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co.; Eastman Dillon, Union Securities & Co., and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration** — Scheduled for June 3.

★ Haloid Xerox, Inc.
Feb. 18 it was reported that this company indicated at the time of its stock split that it would need to undertake some new financing, and would probably do so sometime between now and July. **Underwriter**—First Boston Corp.

Hamilton Management Corp.
Feb. 3 it was reported that an undetermined amount of non-voting common stock may possibly be registered the week of Feb. 23. **Office**—Denver, Colo. **Underwriter** —Kidder, Peabody & Co., New York City. **Offering** — Expected in mid-March.

Harvey Aluminum Co., Torrance, Calif.
It was reported late last year that this firm—the old Harvey Machine Co. — is planning its initial public financing for the Spring. **Underwriters**—Kuhn, Loeb & Co. (managing) and Tucker, Anthony & R. L. Day, both of New York City.

Hawaiian Telephone Co.
Aug. 3 it was reported company received approval from the Territorial Public Utilities Commission to issue about $4,500,000 of new bonds. Last bond issues were placed privately.

Hayes Aircraft Corp.
Feb. 12 it was reported that an issue of convertible debentures is contemplated in the next few months. **Office** —Birmingham, Ala. **Underwriter** — Sterne, Agee & Leach, Birmingham, Ala.

★ Houston Lighting & Power Co.
Feb. 18 it was reported that this company expects to raise about $35,000,000 from the sale of an undetermined type of security sometime in 1960. Probable groups: Blyth & Co. and Lazard Freres & Co. and First Boston Corp. (jointly); Lehman Brothers and Eastman Dillon, Union Securities & Co. and Salomon Brothers & Hutzler (jointly).

Independent Radio, Inc., Lansing, Mich.
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price** —To be supplied by amendment. **Proceeds**—For acquisition of radio stations. **Business** — Radio broadcasting. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—In New York, to be named.

★ Iowa-Illinois Gas & Electric Co. (4/13)
Feb. 24 it was reported that this company will offer $15,000,000 of 30 year first mortgage bonds. **Price**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Lehman Brothers and Glore, Forgan & Co. (jointly); Harriman Ripley & Co., Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Equitable Securities Corp.; Blyth & Co. **Bids**—To be received up to 10:30 a.m. (CST) in Chicago, Ill., on April 13.

★ Jersey Central Power & Light Co.
Feb. 18 it was reported that on May 24 this utility is planning to offer $7,000,000 of first mortgage bonds. **Price**—To be supplied by competitive bidding. Probable bidders: Eastman Dillon, Union Securities & Co. (managing the books), Salomon Bros. & Hutzler, and Merrill Lynch, Pierce, Fenner & Smith (jointly); Stone & Webster Securities Corp.; W. C. Langley & Co.; F. S. Moseley & Co.; Reynolds & Co.; Shearson, Hammill & Co.; Dean Witter & Co.; First Boston Corp.; Wood, Struthers & Co.; Bioren & Co.; DeHaven & Townsend, Crouter & Bodine; Greene, Ellis & Anderson, and Steele & Co. (jointly).

Kenrich Petrochemicals, Inc.
Jan. 20 it was reported that February registration is expected of $175,000 of convertible debentures and 55,000 shares of common stock. **Prices**—To be supplied by amendment. **Proceeds**—For the expansion of manufacturing facilities. **Office** — Maspeth, Queens, L. I., N. Y. **Underwriter** — First Philadelphia Corp., 40 Exchange Place, New York City.

Mac Panel Co.
Feb. 15 it was reported that the 200,000 shares of common stock that were expected to be filed the week of Feb. 8, have been indefinitely postponed. **Note**—It was reported that shareholders of Adams-Millis Corp. and its partially-owned subsidiary Mac Panel, will vote on March 23 on a plan to exchange three shares of Adams-Millis common for four shares of Mac Panel common. **Office**—High Point, N. C. **Underwriter**—Bache & Co., New York City and Charlotte, N. C.

★ Metropolitan Edison Co. (4/26)
Feb. 18 it was reported that this company plans to sell $11,000,000 of first mortgage bonds, due 1990. **Price**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blyth & Co.; Kidder, Peabody & Co. and Drexel & Co. (jointly). **Bids**—To be received up to 11:00 a.m. on April 26.

Michigan Wisconsin Pipe Line Co.
Feb. 10 it was reported that the company expects to receive bids on $30,000,000 of mortgage bonds in April or May. **Office**—500 Griswold St., Detroit 26, Mich.

Middle South Utilities, Inc.
Feb. 16 the company's Board of Directors authorized the filing with the Securities and Exchange Commission of a registration statement for the issuance and sale through competitive bidding of 650,000 shares of common stock. **Proceeds**—Primarily for investment in operating companies. **Underwriter**—To be determined by competitive bidding.

Mountain States Telephone & Telegraph Co. (4/12)
Feb. 8 it was reported that $40,000,000 of debentures will be offered. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart Co. Inc.; First Boston Corp; and Morgan Stanley & Co., all of New York City. **Bids**—To be received on April 12.

National Fuel Gas Co. (4/11)
Feb. 9 it was reported that there is expected to be filed $18,000,000 of debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp.; First Boston Corp. **Information Meeting**—April 7, at 11:00 a.m. **Bids**—Expected to be received on April 11. **Registration**—Scheduled for March 2.

National Mail Order Co., Lansing, Mich.
Oct. 5 it was announced company plans to register an issue of 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—To be named later in New York State.

Nedick's Stores, Inc.
Nov. 12 it was reported that the company is contemplating the placing in registration of 17,000 shares of common stock. About 66% of the issue will be sold for the company's account and the remaining 34% balance will be sold for the account of a selling stockholder. **Underwriter**—Van Alstyne, Noel & Co., New York.

New Jersey Power & Light Company
Feb. 17 it was reported that this utility is planning the sale of $6,000,000 of first mortgage bonds, due in 1990. **Price**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly). **Bids**—To be received in July.

Pacific Power & Light Co.
Jan. 29 it was announced that the company plans to issue at least $20,000,000 of securities, the date and form of which will be announced at a later date. **Proceeds**—To retire $20,000,000 of unsecured promissory notes, to mature on or prior to July 31, 1961. The notes will be issued to finance part of the issuer's 1960-61 construction expenditures, which are expected to total about $61,000,000. **Office**—Portland, Ore.

★ Pennsylvania Electric Co.
Feb. 24 it was reported that in May this utility is expected to sell $11,000,000 of first mortgage bonds, due in 1990. **Price**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., Eastman Dillon, Union Securities & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); First Boston Corp.; Harriman Ripley & Co. and Blyth & Co. (jointly); Equitable Securities Corp.

★ Potomac Electric Power Co.
Feb. 18 it was reported that there will be an undetermined amount of debt financing by this utility sometime in 1960. **Price**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Dillon, Read & Co. and Johnston, Lemon & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Eastman Dillon & Union Securities & Co. and Stone & Webster Securities Corp. (jointly).

★ Public Service Electric & Gas Co.
Feb. 24 it was reported that this company is planning an undetermined type of financing of approximately $85,000,000, sometime this year. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc.

Puget Sound Power & Light Co.
Jan. 15 the Federal Power Commission announced they had authorized the Seattle, Wash., utility to issue up to $25,000,000 in unsecured promissory notes outstanding at any one time, to be issued in varying amounts beginning Feb. 1, all such notes to mature July 31, 1961. The interest will be equal to the prime rate for New York City commercial bank loans at the time of the borrowings. **Proceeds**—To discharge all notes outstanding under a previous credit agreement, to reimburse the issuer's treasury for construction expenditures, and to provide temporary financing for future construction.

★ Savannah Electric & Power Co.
Feb. 18 it was announced that this company will file on March 2 a rights offering of 87,950 shares of common stock and a secondary of 100,000 shares. **Proceeds**—To repay bank loans. **Underwriters** — First Boston Corp., and Stone & Webster Securities Corp. both of New York City. **Offering**—Expected at the end of March.

South Carolina Electric & Gas Co.
June 22, S. C. McMeekin, President, announced plans to sell approximately $8,000,000 of bonds in December, 1959. **Proceeds**—To repay bank loans incurred for current construction program. Previous issues have been placed privately. **Note**—On Dec. 31 Mr. McMeekin told this newspaper he does not know whether the bonds will be placed privately. He expects them to be sold this summer; the precise timing will be subject to market conditions.

Southern Electric Generating Co. (6/2)
Dec. 9 it was announced that this company plans registration with the SEC of $40,000,000 of 30-year first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc. (jointly); Morgan Stanley & Co.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp., and Drexel & Co. (jointly); The First Boston Corp. **Information Meeting**—Scheduled for May 31, 1960. **Bids**—Expected to be received on June 2. **Registration**—Scheduled for April 29.

Southern Union Gas Co.
Feb. 5 it was reported that $11,000,000 in new financing is planned for the late Spring of this year, of an undetermined type. **Underwriters** — A. C. Allyn & Co., and Snow, Sweeney & Co., both of New York City.

Tampa Electric Company
Feb. 2 it was stated in this company's prospectus of its most recent offering, that it contemplates some additional permanent financing in 1960. The exact nature and amount of this financing has not been determined but the company presently believes it will take the form of senior securities.

Tennessee Valley Authority (7/1)
Jan. 20 announced that, pursuant to August, 1959, authorization from Congress to have $750,000,000 of revenue bonds outstanding at any one time, it plans its first public offering, expected to be about $50,000,000, for July 1, 1960. Probable bidders: First Boston Corp. (managing), Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co., and Lazard Freres & Co. Power Financing Officer: G. O. Wessenauer.

Transcontinental Gas Pipe Line Corp.
Sept. 29 it was announced that the company plans to come to market twice in 1960 with the sale of first mortgage bonds, and common and preferred stock. **Proceeds**—To raise permanent funds for the financing of its 1960 expansion program. **Office**—Houston, Texas.

Utah Power & Light Co.
Feb. 3 it was reported that toward the end of this year there is expected to be some financing by this company of about $25 million of bonds and common stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. and First Boston Corp. (jointly); White, Weld & Co.; Stone & Webster Securities Corp. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co. and Smith Barney & Co. (jointly); Lehman Bros.; Bear, Stearns & Co.

★ Valley National Bank
Feb. 18 it was reported that the bank will offer shareholders rights to purchase 139,988 additional common shares on the basis of one new share for each 15 shares held of record March 11; rights expire April 8. **Price**—To be supplied March 1. **Proceeds**—For expansion. **Office**—Phoenix, Ariz.

Virginia Electric & Power Co. (9/13)
Feb. 5 it was reported that approximately $25,000,000 first mortgage bonds will be offered for sale. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp. **Bids**—Expected to be received on Sept. 13.

West Penn Electric Co. (4/12)
Feb. 5 it was reported that about $10,000,000 in common stock will be filed, probably on April 12. **Underwriters** —Carl M. Loeb, Rhoades & Co.; W. C. Langley & Co. and First Boston Corp. (jointly); Lehman Brothers and Goldman, Sachs & Co. (jointly).

★ Wisconsin Electric Power Co.
Feb. 9 it was reported that this company is planning about $25,000,000 in new financing, probably in the form of bonds, for sometime in 1960. **Price**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith and Equitable Securities Corp. (jointly); Glore, Forgan & Co. and Eastman Dillon, Union Securities & Co. and Harriman Ripley & Co. (jointly); First Boston Corp.; Lehman Brothers and Salomon Bros. & Hutzler (jointly).

With Mitchell, Hutchins

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Brewster Conant has joined the staff of Mitchell, Hutchins & Co., 231 South La Salle Street, members of the New York and Midwest Stock Exchanges. He was formerly with Blair & Co. Incorporated.

Millet With Kidder

(Special to THE FINANCIAL CHRONICLE)

AUGUSTA, Maine—Howard Millet and Robert W. Whitmore have become associated with A. M. Kidder & Co., Inc. Mr. Millet, who has been in the investment business in August for a number of years, has recently been local manager for F. L. Putnam & Co., Inc., with which Mr. Whitmore was also associated.

Joins Blair Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Manohar L. Ahuja has joined the staff of Blair & Co., Incorporated, 105 S. La Salle Street. He was formerly with Straus, Blosser & McDowell.

Lyons Opens Branch

ST. MATTHEWS, Ky.— W. L. Lyons & Co. has opened a branch office at 138 Breckinridge Lane under the management of H. Allan Watts.

Jerry Thomas Branch

JACKSONVILLE, Fla. — Jerry Thomas & Co., Inc. has opened a branch office in the Lynch Building, under the direction of James W. Bazzell.

Prentice Strong

Prentice Strong, Sr., passed away February 13th at the age of 80. Mr. Strong had been a member of the New York Stock Exchange for 46 years.

Leon Viasmensky

Dr. Leon Viasmensky, associated with Alfred Vanden Broeck & Co., New York City, has passed away.

New Goodbody Branch

PORT HURON, Mich.—Goodbody & Co. has opened a branch office at 517 La Salle Boulevard under the direction of Henry C. Knill.

Goodbody Opens Branch

DOVER, N. H.—Goodbody & Co. has opened a branch office at 324 Central Avenue under the management of Nicholas A. Suosso.

Now Proprietor

Seymour Blauner is now sole proprietor of Seymour Blauner Company, 111 Broadway, New York City.

Directional Management

Directional Management, Inc. is engaging in a securities business from offices at 107 East 38th St., New York City.

Fuelane Corp.

LIBERTY, N. Y.—Fuelane Corporation is engaging in a securities business from offices on Railroad Avenue.

DIVIDEND NOTICES

CITY INVESTING COMPANY

25 Broad Street, New York 4, N. Y.

The Board of Directors of this company on February 17, 1960, declared the regular quarterly dividend of $1.375 per share on the outstanding 5½% Series Cumulative Preferred Stock of the company payable April 1, 1960, to stockholders of record at the close of business on March 18, 1960.

JOHN A. KENNEDY,
Vice-President and Secretary

THE COLORADO FUEL AND IRON CORPORATION

Dividend Notice

The Board of Directors of The Colorado Fuel and Iron Corporation today, Wednesday, February 24, 1960, declared a 2 percent common stock dividend payable April 8, 1960 to common stockholders of record on March 4, 1960.

The Board of Directors also declared the regular quarterly dividend of 62½ cents per share on the series A $50 par value preferred stock, and 68¾ cents per share on the series B $50 par value preferred stock. These dividends are payable March 31st to holders of record at the close of business on March 4.

Those common stockholders who are entitled to receive fractional-share interests as a result of the common stock dividend will be given an option to sell their fractional-share interests or to buy a fractional-share interest sufficient to round out their stock dividend to the nearest full share.

The Marine Midland Trust Company of New York has been appointed agent for handling such purchases and sales, which will be made at the instruction of, and for the account and record of, such holders. The period in which such sales or purchases may be made will expire on May 13, 1960. Any fractional-share interests remaining outstanding after May 13, 1960, will be sold and the cash proceeds forwarded to the holders of fractional-share interests.

It is expected that the current conversion price of the corporation's series A sinking fund debentures, 4⅞ percent, convertible due January 31, 1977, will change from $28.00 per share to $27.00 per share effective April 8th, 1960, the date on which the 2 percent common stock dividend is payable.

D. C. McGREW, Secretary

the BENSON Manufacturing Company

BENSON

INITIAL COMMON DIVIDEND
15¢ per share

- Payable March 1, 1960
- Record February 17, 1960

Manufacturers of component parts for missiles, rockets and aircraft, metal architectural products, aluminum drums and containers, blowers and accessories for rocket, missile and building industries.

DIVIDEND NOTICES

GEORGE W. HELME COMPANY

9 Rockefeller Plaza, New York 20, N. Y.

On February 24, 1960, a quarterly dividend of 43¾ cents per share on the Preferred Stock and a dividend of 40 cents per share on the Common Stock, were declared, payable April 1, 1960, to stockholders of record at the close of business March 11, 1960.

P. J. NEUMANN, Secretary

LEHIGH VALLEY INDUSTRIES, INC.

February 18, 1960.

The Board of Directors of Lehigh Valley Industries, Inc. today declared a dividend of $1.00 per share on its $3 Non-Cumulative First Preferred Stock out of its net income for 1958 to the extent of approximately $.89 and out of net income for 1954 to the extent of the balance, payable March 4, 1960 to holders of record at the close of business on February 29, 1960.

EUGENE SCHOENER
Treasurer

INTERNATIONAL SALT COMPANY

DIVIDEND NO. 183

A dividend of ONE DOLLAR a share has been declared on the capital stock of this Company, payable April 1, 1960, to stockholders of record at the close of business on March 15, 1960. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN
Exec. Vice Pres. & Sec'y.

EASTERN GAS AND FUEL ASSOCIATES

SERVING HOME AND INDUSTRY WITH ESSENTIAL BASIC PRODUCTS

EASTERN GAS AND FUEL ASSOCIATES

DIVIDENDS

COMMON STOCK — A regular quarterly dividend of 40 cents a share, payable March 28, 1960 to shareholders of record February 29, 1960.

4½% CUMULATIVE PREFERRED STOCK — A regular quarterly dividend of $1.12½ a share, payable April 1, 1960 to shareholders of record February 29, 1960.

E. H. BIRD, *President*
250 Stuart St., Boston 16, Mass.
February 18, 1960

Our stock is listed on the New York Stock Exchange. Symbol is EFU.

DIVIDEND NOTICES

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 180 of sixty cents (60¢) per share on the common stock, payable April 15, 1960, to stockholders of record at the close of business on March 15, 1960.

GERARD J. EGER, Secretary

KENNECOTT COPPER CORPORATION

161 East 42d Street, New York, N.Y.

February 19, 1960.

At the meeting of the Board of Directors of Kennecott Copper Corporation held today, a cash distribution of $1.25 per share was declared, payable on March 24, 1960, to stockholders of record at the close of business on March 2, 1960.

PAUL B. JESSUP, *Secretary*

GN GOULD-NATIONAL BATTERIES, INC.

Manufacturers of a complete line of automotive, industrial and military storage batteries plus motive specialties.

A REGULAR QUARTERLY DIVIDEND of 50c per share on Common Stock, was declared by the Board of Directors on January 18, 1960 payable March 15, 1960 to stockholders of record on March 2, 1960.

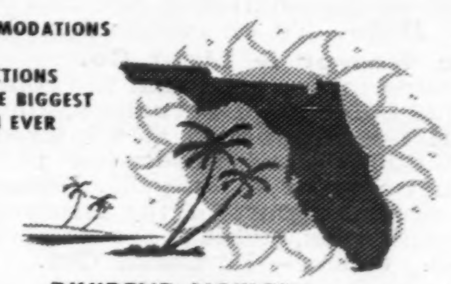
GOULD NATIONAL

A. H. DAGGETT
President

ST. PAUL, MINN.

FLORIDA POWER & LIGHT COMPANY

FLORIDA . . . NEW ACCOMMODATIONS NEW ATTRACTIONS FOR THE BIGGEST SEASON EVER



DIVIDEND NOTICE

FLORIDA POWER & LIGHT COMPANY

Miami, Florida

A quarterly dividend of 24c per share has been declared on the Common Stock of the Company . . . payable March 22nd to stockholders of record at the close of business on February 26th, 1960.

Robert H. Fite
President

FLORIDA . . . UNEXCELLED CLIMATE FOR BUSINESS AND INDUSTRY, TOO!

P.O. BOX 1-3100, MIAMI, FLORIDA

DIVIDEND NOTICES

NATIONAL STEEL Corporation

NATIONAL STEEL

121st Consecutive Dividend

The Board of Directors at a meeting on February 15, 1960, declared a quarterly dividend of seventy-five cents per share on the capital stock, which will be payable March 11, 1960, to stockholders of record February 24, 1960.

PAUL E. SHROADS
Senior Vice President

TENNESSEE CORPORATION

TC TENNESSEE CORPORATION

February 16, 1960

A dividend of thirty-one and one-quarter (31¼¢) cents per share was declared payable March 25, 1960, to stockholders of record at the close of business March 4, 1960.

JOHN G. GREENBURGH
Treasurer

61 Broadway
New York 6, N. Y.

ROBERTSHAW-FULTON CONTROLS COMPANY

MR. CONTROLS

Richmond, Va.

PREFERRED STOCK

A regular quarterly dividend of $0.34375 per share has been declared on the $25.00 par value 5½ per cent Cumulative Convertible Preferred Stock, payable March 20, 1960 to stockholders of record at the close of business March 10, 1960.

COMMON STOCK

A regular quarterly dividend of 37½c per share has been declared on the Common Stock payable March 21, 1960 to stockholders of record at the close of business March 10, 1960.

The transfer books will not be closed.

JAMES A. WITT
Secretary

February 16, 1960.

SUNDSTRAND CORPORATION

SUNDSTRAND

SUNDSTRAND CORPORATION

DIVIDEND NOTICE

The Board of Directors declared a regular quarterly dividend of 25¢ per share on the common stock, payable March 19, 1960, to shareholders of record March 9, 1960.

G. J. LANDSTROM
Vice President-Secretary

Rockford, Illinois
February 19, 1960

DIVIDEND NOTICES

TEXAS UTILITIES COMPANY

DIVIDEND NOTICE

The Board of Directors today declared a dividend of 48 cents per share on the Common Stock of the Company, payable April 1, 1960 to stockholders of record at the close of business March 2, 1960.

D. W. JACK
Secretary

February 19, 1960

UNITED GAS CORPORATION

SHREVEPORT, LOUISIANA

Dividend Notice

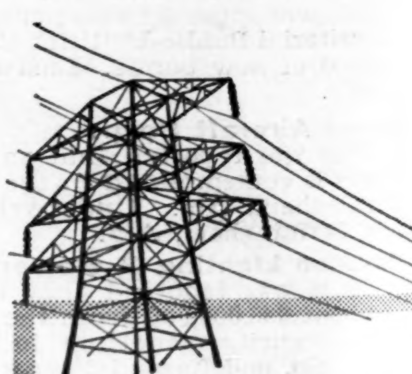
The Board of Directors has this date declared a dividend of thirty-seven and one-half cents (37½c) per share on the Common Stock of the Corporation, payable April 1, 1960, to stockholders of record at the close of business on March 10, 1960.

B. M. BYRD
Secretary

February 23, 1960

UNITED GAS SERVING THE *Gulf South*

Southern California Edison Company



Southern California Edison Company

DIVIDENDS

The Board of Directors has authorized the payment of the following quarterly dividends:

ORIGINAL PREFERRED STOCK
Dividend No. 203
65 cents per share;

CUMULATIVE PREFERRED STOCK, 4.32% SERIES
Dividend No. 52
27 cents per share.

The above dividends are payable March 31, 1960, to stockholders of record March 5. *Checks will be mailed from the Company's office in Los Angeles, March 31.*

P. C. HALE, *Treasurer*

February 18, 1960

Edison

Dealer-Broker Recommendations

Continued from page 8

nual report — Northern States Power Co., 15 South Fifth St., Minneapolis 2, Minn.

Perrine Industries, Inc.—Study—S. D. Fuller & Co., 26 Broadway, New York 4, N. Y.

Potash Co. of America—Analysis — Fusz-Schmelzle & Co., Inc., Boatmen's Bank Building, St. Louis 2, Mo.

Public Service Electric & Gas.—Analysis—Hirsch & Co., 25 Broad St., New York 4, N. Y.

Random House, Inc. — Report — Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Reiheis Co., Inc.—Analysis—Boenning & Co., 1529 Walnut St., Philadelphia 2, Pa.

Roberts Co.—Report—Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available is a review of **Michigan Chemical**.

Sheraton Corp. — Review — Van Alstyne, Noel & Co., 52 Wall St., New York 5, N. Y. In the same circular is a review of **Standard Dredging Corp.**

Smith Tool Co.—Analysis—Eastman Dillon, Union Securities & Co., 3115 Wilshire Boulevard, Los Angeles 5, Calif.

Swift & Co. — Analysis — Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

Union Carbide Corp. — 1959 Annual Report — Union Carbide Corp. 30 East 42nd St. New York 17, N. Y. Also available is **"Products and Processes"** an illustrated booklet describing the products and processes of Union Carbide.

United Keno Hill Mines Ltd. — Analysis — Draper Dobie & Co., Ltd., 25 Adelaide St., West Toronto, Canada.

Jim Walter Corp.—Data—Cooley & Co., 100 Pearl St., Hartford 4, Conn. Also in the same circular are data on **Winn Dixie Stores, Diamond Alkali, Jetronic Industries,** and **Filmways, Inc.**

Forms Dunn & Co.

POMPANO BEACH, Fla. — Edward R. Dunn is engaging in a securities business from offices at 2769 Atlantic Boulevard under the firm name of Dunn & Co.

Forms Wagner Co.

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Robert W. Wagner has formed Wagner & Company with offices at 5 East Long Street to engage in a securities business. Mr. Wagner was formerly Mansfield, Ohio Manager for Livingstone, Williams & Co.

A. H. Anderson Co.

WHITE PLAINS, N. Y.—Arthur H. Anderson Company is now conducting its investment business from offices at 120 Grand Street. The firm was formerly active in Trumbull, Conn.

F. K. Kerpen Opens

F. K. Kerpen & Co., Inc. has been formed with offices at 27 Washington Square, North, New York City, to engage in a securities business.

With F. P. Ristine

PHILADELPHIA, Pa.—F. P. Ristine & Co., 123 South Broad Street, members of the New York Stock Exchange and other leading exchanges, announce that Lee L. Preston is now associated with them as a registered representative in their Philadelphia office.

Hirshon, Roth Admits

Hirshon, Roth and Co., 30 Broad Street, New York City, members of the New York Stock Exchange, will admit Ethel Lichtenstein to limited partnership March 1.

Luke, Banks Partner

Luke, Banks & Weeks 52 Wall Street, New York City members of the New York Stock Exchange, on March 1 will admit Roger Gilbert to partnership.

Named Directors

Alfred Jaretzki, Jr., attorney, and R. Lawrence Oakley, investment broker, have been elected directors of National Investors Corporation and Whitehall Fund, Inc., Francis F. Randolph, Chairman of both corporations, has announced.

National Investors and Whitehall Fund, along with Broad Street Investing Corporation, for which Mr. Jaretzki and Mr. Oakley have served as directors for many years, make up the Broad Street Group of Mutual Funds.

Mr. Jaretzki, is a partner of Sullivan & Cromwell, New York City law firm.

Mr. Oakley is a partner of Stillman, Maynard & Co. of New York City.

Form Scudder & German

Scudder & German is engaging in a securities business from offices at 55 Liberty Street, New York City.

John H. Scudder and Philip E. German are General Partners in the firm. Mr. Scudder was formerly with Glickenhaus & Lembo. Mr. German was a Partner in Nast, German Co.

Form Smolin Inv. Co.

George J. Smolin is engaging in a securities business from offices at 55 Liberty Street, New York City under the firm name of Smolin Investment Company.

Now Hensberry & Co.

ST. PETERSBURG, Fla. — The firm name of Hensberry Malloy, Inc., 219 Fourth Street, North, has been changed to Hensberry & Company.

Edmund Darbois has become associated with the firm as Manager of the investment advisory department.

M. L. Lee & Co., Inc.

M. L. Lee & Co., Inc. has been formed with offices at 135 Broadway, New York City, to engage in an investment business.

Thornburgh Sr. With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio — Robert W. Thornburgh, Sr. has become associated with Merrill Lynch, Pierce, Fenner & Smith Inc., Dixie Terminal Building. Mr. Thornburgh, who has been in the investment business for many years, was formerly Executive Vice-President of the W. C. Thornburgh Co.

Form Harbor Secs.

MIAMI BEACH, Fla. — Harbor Securities Corporation has been formed with offices at 10043 East Broadview Drive, Bay Harbor Island, to engage in a securities business. Lawrence Silverman is a principal of the firm.

First Secs. of Hilo

HILO, Hawaii — First Securities Company of Hilo, Limited has been formed with offices at 58-64 Keawe Street to engage in a securities business. Officers are Andrew D. Ednie, President; Herbert C. Shipman, Vice-President; John Dykes, Treasurer; Gilbert K. Patten, Secretary; and Stanley A. Nakamae, Assistant Secretary-Treasurer.

Edward D. Walker is also associated with the firm.

Hanrahan Director

Edmond M. Hanrahan, of the New York law firm of Sullivan, Donovan, Hanrahan, McGovern & Lane and former Chairman of the Securities & Exchange Commission, was elected a director of Corroon & Reynolds Corporation, it has been announced.

Now in New York City

Nance-Kieth Corporation is now conducting its investment business from offices at 99 Wall Street, New York City. The firm was formerly in Pearl River, N. Y.

Form Investing Co.

GARDEN CITY, N. Y. — Nassau Guild Investing Company, Inc. has been formed with offices at 1200 Stewart Avenue to engage in a securities business.

Cagliostro Opens

BROOKLYN, N. Y. — Anthony Cagliostro is engaging in a securities business from offices at 7807 Third Avenue.

Form H. C. Johnson Co.

(Special to THE FINANCIAL CHRONICLE)

GALESBURG, Ill. — H. Cleon Johnson Co. has been formed with offices at 1130 North Broad Street to engage in a securities business. Officers are Herman C. Johnson, president; Geraldine L. Johnson, vice president; and Dorothy R. Johnson, secretary-treasurer. Mr. Johnson was previously with L. C. Berendsen Company.

A. E. Krivy Opens

FOREST HILLS, N. Y. — Andrew E. Krivy is conducting a securities business from offices at 67-76 Booth Street.

Form Melville & Co.

WASHINGTON, D. C. — Melville & Co., Inc. has been formed with offices at 1204 Wisconsin Avenue, N. W. to engage in a securities business. Officers are Albert Yuni, president and treasurer, Melville W. Feldman, vice president; and Paul J. Mason, secretary.

Gartland With Byllesby

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Thomas J. Gartland has become associated with H. M. Byllesby and Company, Incorporated, 135 South La Salle Street, members of the Midwest Stock Exchange. Mr. Gartland who has been in the investment business for many years was previously with Dempsey-Tegeler & Co.

With Blunt Ellis

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Robert Wolf is now affiliated with Blunt Ellis & Simmons, 111 West Monroe Street, members of the New York and Midwest Stock Exchanges. He was formerly with Paine, Webber, Jackson & Curtis.

Eisenhower Names Peter Lavan

President Eisenhower has appointed Peter I. B. Lavan as National Chairman during 1960 of the United States Committee for the United Nations, it has been announced.

Mr. Lavan is senior partner of the New York law firm of Stroock & Stroock & Lavan, and has been active in governmental and civic service, as well as in financial circles. At present he is a director of the investment banking firm of American Securities Corporation; American Machine and Metals, Inc.; Molybdenum Corporation of America; United Merchants and Manufacturers, Inc., and other leading corporations.

Since 1955, Mr. Lavan has been a member of the committee whose assignment it is to help promote public interest in the United Nations. The committee is a privately supported, non-partisan, citizens organization whose Chairman is appointed annually by the President of the United States.

Mr. Lavan replaces Charles F. Willis, Jr. Previous Chairmen of the U. S. Committee for the U.N. have included Mrs. Franklin D. Roosevelt, Thomas J. Watson Jr., Morehead Patterson and J. S. McDonnell.

F. J. Brenek & Co.

SEATTLE, Wash.—Francis J. Brenek & Co., Inc. is engaging in a securities business from offices in the Securities Building. Officers are Francis J. Brenek, president; Patrick L. Calligan, vice president; and O. E. Brenek, secretary-treasurer.

Forms William Carr Co.

PHILADELPHIA. Pa. — William Carr has formed William Carr & Co. with offices at 1117 Tyson St. to engage in a securities business. Mr. Carr was formerly with Gerstley, Sunstein & Co. and Robert M. Harris.

DIVIDEND NOTICE

QUALITY

The American Tobacco Company

222ND PREFERRED DIVIDEND

A quarterly dividend of 1½% ($1.50 a share) has been declared upon the Preferred Stock of THE AMERICAN TOBACCO COMPANY, payable in cash on April 1, 1960, to stockholders of record at the close of business March 10, 1960. Checks will be mailed.

February 23, 1960

HARRY L. HILYARD
Vice President and Treasurer

© A. T. Co.

DIVIDEND NOTICE

P. Lorillard Company

DIVIDEND NOTICE

Regular quarterly dividend of $1.75 per share on the Preferred Stock and regular quarterly dividend of $.55 per share on the outstanding Common Stock of P. Lorillard Company have been declared payable April 1, 1960, to stockholders of record at the close of business March 4, 1960. Checks will be mailed.

New York, February 17, 1960. G. O. DAVIES, *Treasurer*

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EMBASSY *King Size*

Smoking Tobaccos: BRIGGS, UNION LEADER, FRIENDS, INDIA HOUSE

Little Cigars: BETWEEN THE ACTS, MADISON

Chewing Tobaccos: BEECH-NUT, BAGPIPE, HAVANA BLOSSOM

Turkish Cigarettes: MURAD, HELMAR

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — Electricity, which has taken so much of the hard work and drudgery out of the home, farm and factory, has cropped up in the Nation's Capital as an increasingly important commodity this election year.

It isn't in the headlines, and it is not likely to be right away, but public power, private power and atomic power are substantial issues in Washington today. There are a series of questions brewing from the White House to Capitol Hill, and all around in various departments.

The records show that Federal power activities continue to grow. At the end of 1959 (calendar year) Federal agencies were operating generating capacity amounting to about 15% of the total capacity of major electric utility systems in the United States.

Scheduled completion of an additional 2,000,000 kilowatts this year and 1961 will increase the Federal power installation to 24.2 million kilowatts. Other capacity under construction will bring the total to 31.7 million kilowatts.

More and more electricity is being used every year. Some of the market research specialists predict that major appliance sales will about double during the next ten years. These include refrigerators, dishwashers, water heaters, automatic washers, air conditioners, freezers and built-in ovens.

Expansion for Heating Purposes

But perhaps the biggest trend of all, according to word in Washington, is the electrically heated home. The cycle which began with the wood fireplace and cooking stove, and then coal and then natural gas, has already swung to the electrically heated home. Even transportation might become revolutionized.

There are now an estimated 600,000 homes, plus many schools and churches and some factories, electrically heated. And some qualified people say that by the end of 1970 more than 5,000,000 homes will be heated solely by electricity.

Because the electrical industry is playing such a major role in the lives of the American people, and may have an even greater part in the years ahead, the industry, directly and indirectly, has a tremendous stake in what is going on in Washington. And, it involves several departments.

Power Demand Increasing

For instance, the Tennessee Valley Authority proposes to spend $179,000,000 during the next fiscal year, and a major part will be to increase its power facilities.

To continue construction and rehabilitation work on 64 projects for irrigation, water supply, flood control and hydroelectric power, the Bureau of Reclamation is asking Congress for authority to spend $226,000,000. The Army Engineers will continue work on some hydroelectric projects.

By this time next year there will be more than 30,000 miles of Federal transmission lines. Out in the West the last of the great turbines and generators are now being installed in connection with the 25-year-old Hoover Dam. This mighty dam is now backing up the Colorado river for 115 miles into the lower reaches of the Grand Canyon.

Competitive Nuclear Power

Certainly there is interest in nuclear power all over the earth. However, the people who know, both in and out of government, concur that a substantial part of the "mystery and glamor" has been removed from nuclear power, and a more realistic view has been taken in this country. Many people believe that despite the high cost to the taxpayers in research and development, nuclear power will become competitive in some areas with natural gas, oil, and coal before 1970. But there is debate on this point.

Of course, there are many skeptics. Only time will tell. The other day the Joint Atomic Energy Committee of Congress inaugurated its annual hearings. Usually there are at least three Democrats on the Committee who maintain the United States is lagging behind in the atomic energy research field. They are Senators Clinton P. Anderson of New Mexico; Albert Gore of Tennessee, and Henry M. Jackson of Washington State.

So far this session they have made no exaggerated claims that our kilowatt race is being lost. They have left exaggerated claims to some of the Democratic Presidential hopefuls who seem to think that we have either lost or are losing the arms race.

John A. McCone, Chairman of the Atomic Energy Commission, has testified that plans for both the Soviet and Euratom countries for constructing large scale nuclear power plants have been scaled down the past year. Thus this fact alone has left the public power proponents on Capitol Hill with less ammunition than they had hoped for.

Democrats' Viewpoint

At the 1956 Democratic National Convention at Chicago, the public power advocates successfully got inserted into the Democratic platform these words (as it was pointed out by the Congressional Quarterly): "The United States is lagging instead of leading in the world race for nuclear power, international prestige, and world markets."

The statement was misleading then, just as it is today. The Atomic Energy Commission has blue-printed a 10-year nuclear power program. Obviously, it involves tremendous sums.

The pressurized-water reactor plant of the Duquesne Light Company at Shippingsport, Pa., is the only large nuclear power station in operation in this country. However, authorities say the most important nuclear power station in the United States from a commercial standpoint is the Dresden Station of the Commonwealth Edison Company in Illinois. Blueprinted and built by General Electric Company, it is said to be the largest all-nuclear power station thus far completed.

Growth of REA's

One of the questions on Capitol Hill these cold February days turns to the Rural Electric Cooperatives (REA). The 25.3 billion kilowatt hours that REA supplied in 1959 was 15% above the 1958 output. At the same time, 139,000 new customers were added, several thousand more than the year before.

Some 96% of all farms in our country now have electricity. Some of the co-ops are now big outfits and they are getting bigger. Yet they are able to borrow money from the Federal Government for 2%, which means that the Government must pay a subsidy of 3% or more at present tight-money rates. It also costs the Government something in overhead to make the loans, pay the salaries and other expenses of personnel.

As the pros and cons of private industry versus public power is debated, the story of the growth of electricity is a fabulous one, and will be a bigger one as electric heating and automation continue to increase. It is estimated that the higher living standards and the growing population will combine in a 70% increase in sales of major appliances. Some qualified people believe sales will reach a 120% increase before the Bureau of Census conducts the 1970 decennial census.

An automatic push button control center in the typical American home will be an important part of that home in the future. The power will be supplied both by private industry and public power. Both will continue to expand.

[*This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.*]

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COMING EVENTS

IN INVESTMENT FIELD

Feb. 26, 1960 (Milwaukee, Wis.) Milwaukee Bond Club annual meeting and dinner at the Kaiser Knickerbocker Hotel.

March 6-9, 1960 (Toronto, Can.) Prospectors and Developers Association 28th annual meeting and convention at the Royal York Hotel.

March 11, 1960 (Dallas, Tex.) Dallas Security Dealers Association annual gin rummy tournament at the Engineers Club.

Mar. 25-26, 1960 (Chicago, Ill.) Chicago Chapter American Statistics Association & Chicago Association of Commerce & Industry 7th annual Mid-West Conference at Congress Hotel.

April 8, 1960 (New York City) New York Security Dealers Association 34th annual dinner in the Grand Ballroom of the Hotel Biltmore.

April 8, 1960 (Toronto, Canada) Toronto Bond Traders Association 28th annual dinner at the King Edward Hotel.

April 10-11-12, 1960 (Dallas, Tex.) Texas Group of Investment Bankers Association of America 25th annual meeting at the Sheraton Dallas.

April 10-15, 1960 (Philadelphia, Pa.) Institute of Investment Banking, Wharton School of Finance & Commerce, University of Pennsylvania.

April 28-29, 1960 (St. Louis, Mo.) St. Louis Municipal Dealers Group Spring Party: Luncheon at Missouri Athletic Club, cocktail party and banquet at Park Plaza Hotel, April 28; Field Day at Glen Echo Country Club, April 29.

May 9-10, 1960 (Atlanta, Ga.) Association of Stock Exchange Firms meeting of Board of Governors at Hotel Atlanta Biltmore.

May 19-20, 1960 (Nashville, Tenn.) Nashville Security Traders Association Spring Party; cocktails and dinner May 19 at Hillwood Country Club; outing May 20 at Bellemeade Country Club.

June, 1960 (Detroit & Michigan) Security Traders Association of Detroit and Michigan Summer outing at Western Golf & Country Club.

June 16, 1960 (Minneapolis, Minn.) Twin City Bond Club 39th annual picnic and outing at White Bear Yacht Club (preceded by a cocktail party June 15th at the Nicollet Hotel.

Sept. 11-14, 1960 (Sun Valley, Idaho) National Security Traders Association Annual Convention.

Sept. 12-13, 1960 (New York City) Association of Stock Exchange Firms meeting of Board of Governors at Fisher's Island Club, Fisher's Island, N. Y.

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